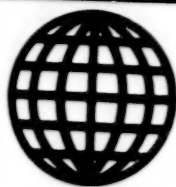


JPRS-SEA-88-014  
7 MARCH 1988



**FOREIGN  
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# ***JPRS Report***

## **East Asia**

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***Southeast Asia***

# East Asia Southeast Asia

JPRS-SEA-88-014

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7 MARCH 1988

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### **Resolutions Toward Peace, Progress**

42000238d Rangoon THE WORKING PEOPLE'S  
DAILY in English 20 Jan 88 p 4

[Text] Kayah State Day was observed recently at Loikaw. The working people present at the ceremony adopted three resolutions. They were: to further consolidate national unity through union spirit; to strive for successful implementation of economic plans for the development of Kayah State; and to cooperate with the Tatmadaw in annihilating insurgents to ensure peace and tranquillity in Kayah State.

Of the 24 States and Divisions, Kayah State is second smallest in area after Rangoon Division. Its area is 4,530 square miles with a population of about 184,000. It is famous for its scenic beauty and natural resources. The Lawpita Hydroelectricity Plant supplies hydel power for both industrial as well as domestic use to various parts of the country. The Loikaw Marble Factory produces exquisite marble tiles and other marble products. And Mawchi Mines has rich reserves of metals earning increasing amount to foreign exchange.

Ngwedaung Dam and other irrigation networks contribute much towards achieving or even exceeding local needs. A total of some 40 crops are grown in Kayah State. World famous teak and hard wood are also found in the forests of Kayah State.

Like people of other States and Divisions, inhabitants in Kayah State are implementing sector-wise plans, work projects and regional development plans. In spite of concerted efforts of the people in Kayah State progress achieved has not been much as desired. This has been largely due to the narrow-minded insurgent groups in the area. They continue to hamper the constructive work being carried out in Kayah State.

Kayah nationals joined hands with other nationals in the country in anti-imperialist and independence struggles. They are also taking part in the nation-building work today. The three resolutions adopted at the 36th Anniversary of Kayah State Day need to be implemented without fail to further strengthen regional peace and prosperity for paving the way to national progress.

/9274

### **Kayah State Land Revenue Collection Meeting**

42000238c Rangoon THE WORKING PEOPLE'S  
DAILY in English 17 Jan 88 p 1

[Text] Loikaw, 16 Jan—Measures for collecting land revenues with crops, registering wholesale business and recovering outstanding cultivation loans were coordinated at the Kayah State People's Council on 13 January.

The meeting was attended by Kayah State People's Council Chairman U. Kyaw Din and EC members, chairmen of Township People's Councils in Kayah State and departmental personnel.

The Kayah State People's Council chairman delivered a speech.

Township People's Council chairmen presented the situations regarding the collection of land revenues with crops, registration of wholesale business and recovering the outstanding cultivation loans in their respective townships. Divisional level departmental personnel gave replies to the points raised in the course of discussions.

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### **Rebel Groups Seeking Further Foreign Contacts**

42000223c Rangoon THE WORKING PEOPLE'S  
DAILY in English 16 Jan 88 p 5

[Article by Keith Loenz: "Burmese Ethnic Rebel Groups To Boost Foreign Contacts"]

[Text] Manerplaw, Burma—Representatives of 10 ethnic rebel groups fighting Rangoon met early this month to map out plans to improve their united front's external contacts.

The National Democratic Front's so-called second Congress Emergency Presidium Meeting was aimed at improving contacts with foreign governments, international organizations and humanitarian agencies.

The meeting was held at the NDF headquarters near the confluence of the Salween and Moei rivers in eastern Burma as the Burmese civil war approached its 40th year.

A new momentum in the front's foreign relations has been achieved, following the recent visit by Brang Seng, chairman of the Kachin Independence Organization, to Japan and Europe late last year, said revolutionary spokesmen.

In Europe, Brang Seng, a member of the NDF presidium, met members of the British and West German parliaments, and officials of international humanitarian agencies including the UN Human Rights Commission and the Amnesty International. Japanese press, BBC, FRANKFURTER ALLEGEMAGNE, and other European and Asian media interviewed him about the NDF positions on internationally-supervised negotiations with the Rangoon regime, the narcotics situation in Burma and the ongoing actions by Burmese armed forces against non-combatant ethnic minorities.

"The world is finally waking up to the atrocious situation in Burma," claimed the Kachin leader in his temporary thatched-bamboo office at the Karen headquarters of Manerplaw.

He and other Kachin offices made the long-trek from northern Burma in 1985-86 to consolidate the NDF struggle with other members.

Apart from the Kachin and the Karen, other NDF members attending the meeting included the Mon, Arakanese, Shan, Karenni, Palaung, Pa-o and Wa. Only the Lahu were absent.

Brang Seng echoed the view expressed by the Karen National Union President Bo Mya who blamed the prolonged struggle on the continued aid given by foreign governments to the Socialist Republic of Burma, referred to by ethnic minority leaders as the "Ne Win-San U regime."

"The post-Ne Win era will be the same unless there are genuine peace negotiations," said Bo Mya. "The regime depends on foreign powers. In their greed to sell arms to Burma, the foreign countries are competing with each other. As long as this aid continues, there will be no negotiations."

The Karen leader last month journeyed to the Burmese Shan State to urge opium warlord Khun Sa to stop drug business in Burma and cooperate with the NDF against Rangoon, which he says, is cooperating in much of the trafficking.

"Khun Sa is willing to stop the drug business," claimed Bo May. "But foreign governments and organizations will have to give necessary aid. We can be a go-between. We have already discussed a six-year eradication plan with Khun Sa."

"The only way to stop the narcotics situation in Burma," added Brang Seng, "is to stop the civil war. Whatever the US government is giving to Rangoon to stop the opium trade is no use."

"Much of the trafficking is done by Burmese army officers and transported by their own vehicles," he charged. "The US will have to acknowledge this sooner or later if it is serious. It will then stop dealing with Ne Win, and stop providing that illegal government with helicopters for suppression, and will have to talk to the minority leaders," he added.

A Shan leader, Hseng Mong, said: "Peace negotiations with Rangoon must be held in a neutral country. In the past, negotiations failed because Rangoon could influence the talks, and no outside parties knew about the details. The government has never intended to allow ethnic people to rule themselves."

"We merely want to retain our language, literature and culture, and to survive as a nation," said a Wa leader, Khun Aik.

Kham Kaio, a Pa-o leader who is also a member of the NDF presidium said: "We too, see no solution after Ne Win under the present circumstances. The root of the civil war is Rangoon's policy of Burmanization."

NDF leaders said the front will soon resume negotiations with the Burma Communist Party to upgrade their military coordination against Rangoon.

They said the NDF is also seeking a trade route between Burma and Laos through the Shan State to facilitate its supply transportation.

The rebels said they believed the front would exchange food supply with arms from Vietnamese forces stationed in western Laos.

The NDF also has made contacts with Laotian and Kampuchean resistance groups, they said.

/06662

**Disclosures by Former KNU Insurgent Reported**  
42000238a Rangoon *THE WORKING PEOPLE'S DAILY* in English 16 Jan 88 p 8

[Text] Rangoon, 15 Jan—Eight innocent persons were killed and 40 others injured when a bomb, believed to be a time bomb, exploded on the Mandalay-Rangoon No 6 down-train just after it had left the Pazundaung railways station on 10 January morning and the bomb was planted by saboteur Po Thingyan of KNU insurgents' central security company. This was disclosed in an interview with the News Agency Burma (NAB) by Saw Maung Goon of KNU insurgents' central security company who had returned to the legal fold.

Former KNU insurgent Saw Maung Goon further said that he was from KNU group, that he had belonged to special saboteurs company of the KNU central security unit and that he had had to perform sabotage work. He also said that 17 persons including himself were given training on sabotage work at Noday camp near KNU central camp and that Capt Wab and Sergeant Margun were in charge of the training course. On completion of the training course on [date indistinct] December two sabotage groups were sent by the KNU central—Po Thingyan and Saw Maung Goon were sent to Nyaunglebin area and Saw Chit Thu and group to Bilin area, he added.

He also said that their group's duty was to destroy important buildings in Nyaunglebin by planting bombs and to blow up trains with mines and to set Pegu on fire.

The group led by Saw Chit Thu was to plant mines at Bilin sugar mill, trains and the Sittang bridge, he disclosed.

Saw Maung Goon said he did not want to carry out the task assigned as it was destructive work which would cause the loss of lives of a large number of people. He added that another fact was that KNU central had given them poison pills ordering them to take their own lives if the sabotage work failed and they got arrested and that as these were acts of cruelty, he had secretly fled from Po Thingyan and returned to the legal fold.

He said that as Mandalay-Rangoon No 6 down-train had passed through Toungoo and Nyaunglebin, Po Thingyan as assigned by the KNU central, had planted the bomb on that train.

Saboteur Saw Maung Goon (21) of the special saboteurs company of the KNU insurgents' central security unit gave himself up to the Hsihsongon Village People's Council in Kyauktaga Township on 5 January bringing in two hand grenades and a mine.

Saw Maung Goon was one of the members of the group led by saboteur Po Thingyan of special saboteurs company, the KNU insurgents' central security unit, and the sabotage group arrived near Hpado village, Kyauktaga Township, on 30 December.

On receiving the information that a sabotage group led by KNU insurgent Po Thingyan was moving about near Hpado village, Kyauktaga Township, a combined force

of local people and security organizations combed the area in search of them and saboteur Saw Maung Goon thus gave himself up to the Hsihsongon Village People's Council in Kyauktaga Township.

KNU Po Thingyan and Saw Maung Goon were provided with two TNT explosives, three time-bombs, one incendiary bomb, two American hand grenades, one 9 mm pistol, 25 rounds of ammunition, a container of hunger-resistant medicine, a packet of alum, two vials of anti-snake venom, two ampoules of injection for blood clotting, four syringes, K 1,000 and tonics as well as two poison pills when they were sent.

Similarly, a group led by saboteur Saw Chit Thu of special saboteurs company of the KNU insurgents' central security unit was sent and it was also given the same kinds of explosives and things and 25 poison pills.

It was revealed that sabotage groups were told to carry out the assigned tasks up to the end of Tagu until success was achieved.

The responsible organizations concerned and the working people are now searching out KNU insurgent saboteurs Po Thingyan, Saw Chit Thu and members.

/9274

**Status of Diplomatic Relations With New Zealand**  
42000239d Suva THE FIJI TIMES in English  
17 Jan 88 p 2

[Text] Wellington, (Jan 18)—New Zealand was in no hurry to recognise the republic of Fiji, Prime Minister Mr David Lange said today.

Speaking at his first Press conference for 1988, Mr Lange said the lack of a formal constitution for Fiji remained a problem as far as the restoration of diplomatic relations was concerned.

He said New Zealand's envoy in Suva, Mr Rod Gates, had been able to maintain some contact with the new regime there.

"We are not in any great hurry to move at all," Mr Lange said the need to recognise Fiji was not a critical problem for Wellington.

Mr Lange has been briefed by fourth-ranked cabinet minister Mr Richard Prebble who visited Fiji this month for holidays and who had casual talks with several senior members of the regime at the funeral for former Deputy Prime Minister Ratu David Toganivalu.

Mr Prebble, who holds the Pacific Island Affairs portfolio, is married to a Fijian and regularly visits family there.

Mr Lange stressed today that Mr Prebble's talks had been entirely informal and had not been authorised by him.

Yesterday Mr Prebble told reporters that Fiji wanted to restore ties with countries in the region and to be readmitted to the Commonwealth.

"I have never seen a more reluctant group of republicans in my life" Mr Prebble said.

Fiji athletes were keen to compete in the 1990 Commonwealth Games in Auckland.

Earlier New Zealand Foreign Minister Russell suggested that Wellington might restore aid to Fiji soon. (New Zealand aid to Fiji was suspended after the May 14 coup.)

"I'm gingerly moving toward a slightly more friendly disposition as far as aid is concerned," Mr Marshall said.

"There's a question whether before March 31 we could resume any of the aid that was withheld."

Today Mr Lange said Mr Marshall would report to cabinet next week on the Fiji situation.

In Suva yesterday, New Zealand's Leader of the Opposition, Mr Jim Bolger, said Fiji should be allowed to re-enter the Commonwealth.

He said if Fiji had been judged equally and on its merits, it should not have been excluded from the Commonwealth.

"The type of government in a country has never been a criterion, he said.

"We only have to look at a country like Uganda under the dictatorship of Idi Amin, which was allowed to remain a member.

"Fiji returning to the Commonwealth would be desirable and I would welcome such a move," Mr Bolger said at a Press conference in Suva.

He is on a three-day visit to Fiji. He has visited Western Samoa and the Cook Islands.

Mr Bolger said he intended to get an update on issues concerning the Pacific Islands and to learn first hand the attitudes towards developments in the region.

He said of particular interest to him and New Zealand was France's interest in the region.

Mr Bolger said France was up to an "obvious and upfront" plot to increase its influence in the Pacific by using a "large chequebook".

But, he said New Zealand has established its credentials in the Pacific over many years, and would not be involved in any efforts to outbid the French.

Asked what his stand was on the political situation in Fiji and the two military coups, Mr Bolger said he would have to agree with the New Zealand government's criticism of the coups.

"We universally condemn military coups and will always want to see the return of democratic elections."

He said New Zealanders place a high priority on individual rights and he was waiting to see a decree on human rights to be announced soon, and the constitution itself to see whether these were ensured.

However, he thought the appointments of a civilian administration and the Chief Justice were a step in the right direction towards this end.

"There is a very real desire in the business, political and commercial communities to let the world know that normal relations are reappearing in Fiji," he said.

He said he had deduced from talks he held with different groups of people that their message to the world and other governments was not to abandon the people of Fiji who were going through a difficult period.

"There is a call for a degree of tolerance as Fiji works its way through a difficult time in its history."

Among those Mr Bolger met yesterday were the acting Prime Minister and Minister of Finance, Mr Josefata Kamikamica, and the Chief Justice, Sir Timoci Tuivaga.

According to a Ministry of Information statement, Mr Bolger and Mr Kamikamica had informal discussions on the political and economic situation in Fiji.

Mr Bolger also met the Minister for Home Affairs and Commander of the Fiji army, Brigadier Sitiveni Rabuka.

He is expected to make a call on officials of the Fiji Pine Commission and deposed Prime Minister Dr Timoci Bavadra today.

/9274

#### Prime Minister Appeals for Support

42000239a Suva THE FIJI TIMES in English  
23 Jan 88 p 1

[Text] The Prime Minister, Ratu Sir Kamisese Mara, has sent letters to heads of government of South Pacific Forum countries asking them to "understand the aspirations of the indigenous people".

At the same time, Ratu Sir Kamisese (pictured) gave an assurance that he shared their genuine concern for a speedy return to a freely elected parliamentary government.

In a letter to Forum leaders, through the current chairman of the Forum, Western Samoa's Prime Minister, Mr Vaat Kolone, Ratu Sir Kamisese thanked them for the understanding they had shown in recent months.

He assured them that Fiji would continue to attach very high importance to its regional relationships with South Pacific countries and other regional bodies.

The Prime Minister said that the interim administration was now focusing its attention on rebuilding the economy and on laying the necessary legal framework for the normal functioning of government, the maintenance of law and order and the re-establishment of an independent Judiciary.

An independent Judiciary was necessary for the proper and impartial administration of justice and for protection of basic rights and fundamental freedoms of every individual in the country, he said.

In the long term, hopefully within two years, the fundamental task of the regime was to develop an acceptable constitutional framework that would return the country to parliamentary democracy, Ratu Sir Kamisese said.

"This is an objective that the interim administration is firmly committed to, and the core provisions will ensure not only the full protection of the fundamental interest of indigenous Fijians but will also provide for, on a fair and equitable basis, the position of other communities in our multi-ethnic and multi-cultural society."

The Prime Minister acknowledged that there were differences of opinion on what had taken place in Fiji.

He said he shared the concern for Fiji's return to a freely elected representative government within a constitutional framework acceptable to the widest section of the population.

"For my part all I ask for is your understanding of the aspirations of our indigenous Fijian population in the same way that we have all agreed in the South Pacific Forum to lend support for the aspirations of the Kanak people of New Caledonia."

He called on the states to look to the future and "in the usual Pacific way restore mutual understanding and cooperation".

"I believe that this is perhaps the best form of support which Forum colleagues can offer to assist the interim administration in Fiji in returning our country to normalcy," he wrote.

/9274

#### President Appoints Chief Justice

42000231d Suva THE FIJI TIMES in English  
19 Jan 88 p 1

[Text] Justice Sir Timoci Tuivaga was yesterday re-appointed Chief Justice of the Republic of Fiji by the President, Ratu Sir Penaia Ganilau.

He was sworn in at 4 pm by Ratu Sir Penaia.

In a statement after he was sworn in, Justice Sir Timoci said his decision to accept the post of Chief Justice was influenced by the understanding that the civilian government favoured:

- a return to constitutional representative government at the earliest date possible
- the protection of fundamental human rights and the dignity of the human person
- respect of the rule of law and independence of the judiciary

These three basic concepts were of vital concern to the people of Fiji, he said.



"My decision to re-enter judicial service is but a manifestation of the general concern we all feel regarding the future welfare of the country," Justice Sir Timoci said.

The Fiji Law Society welcomed his appointment.

"We hope that the full Supreme Court will be appointed soon," said vice-president, Mr Gyaneshwar Lala.

Under a Judicature decree promulgated by the President at the weekend, the Chief Justice heads a Judiciary under a new court structure, with the Supreme Court as the final appellate court of Fiji.

He also becomes president of the Fiji Court of Appeal and the Supreme Court, and chairman of the Judicial and Legal Services Commission.

Justice Sir Timoci said several significant developments since the military coup in September had contributed to his decision.

One was that the office of the Governor-General by which all former judges were appointed had ceased to exist.

Second, the present civilian leadership of the country was seen by a wide cross-section of the community as offering the best hope for leading the country back to social harmony and stability.

"There is of course no question that the country is beset with a sense of social turmoil because of unprecedented political events.

"It would require the highest form of statesmanship among our political leaders to appease such turmoil and restore the country to social harmony and stability.

"An important factor in any appeasement in this regard is the making of laws which are beneficial to the community at large."

The test of good laws was their general acceptability as a matter of social conscience, he said.

Justice Sir Timoci said he had been encouraged by the support he received from many people, both locally and overseas.

He expressed gratitude to the Fiji Law Society for its support.

"It is the extent of such support together with the return of civilian leadership to the country, that has made my decision under the present circumstances more tenable than it otherwise would have been," he said.

Justice Sir Timoci, 56, was appointed Chief Justice in 1980 but his appointment was terminated, along with those of other members of the Judiciary, when Fiji became a republic on October 7.

He was born in Yaroi Village in Matuku, Lau, and received his early education at the Lau Provincial School in Lakeba.

He later attended the Suva Methodist Boys School and the Marist Brothers High School.

He began his law studies at Auckland University but left in 1957 to join the civil service.

In 1961, he won a British Government award to study law at Gray's Inn in London and was called to the Bar as a barrister-at-law.

On his return to Fiji, he held a number of positions in the Judiciary working his way through the ranks to become Chief Justice.

He was knighted by the Queen in 1981.

/9274

#### **Prime Minister on Corruption, Fraud**

42000231a Suva *THE FIJI TIMES* in English  
15 Jan 88 p 3

[Text] The Prime Minister yesterday called for prompt disciplinary action against public servants found guilty of corruption, fraud and theft.

He also called for proper accounting of government funds and demanded the highest level of honesty from civil servants in positions of trust.

Ratu Sir Kamisese Mara made the call while opening a three-day workshop for permanent secretaries yesterday.

All permanent secretaries and department heads are at the Naviti Resort near Sigatoka for the workshop.

It has been organised by the Public Service Commission and is the first of its kind to be held since Fiji gained independence.

"It is your duty to prevent stealing, fraud or corruption in your ministry or department," the Prime Minister said.

"Strong and prompt disciplinary action must be taken by you against those who commit such offences," Ratu Sir Kamisese said.

Ratu Sir Kamisese said to achieve the government's aim of restoring development and progress, ministries and departments should set production and productivity goals and targets.

"An essential element of increased production and productivity is competent management," he said.

"You are the managers and it is your duty to ensure that your ministry or department works smoothly and efficiently," Ratu Sir Kamisese said.

Punctuality and hard work were indispensable, he said.

"If 10 member of your staff are late 18 minutes every morning, you lose three man-hours a day, 15 per week and 780 in a year.

"If you relate that to all government ministries and departments, the loss to the nation would be colossal and extremely costs," Ratu Sir Kamisese said.

"Of course, others may arrive on time but take a longer lunch break or leave before 4.30 pm. Some may come on time and leave on time, but waste a lot of time on the telephone, or malingering on the job," he said.

"Such malpractices must cease immediately. It is your responsibility to ensure punctuality and efficiency," he said.

Ratu Sir Kamisese reminded civil servants that they did not hold office to serve themselves.

"You are there to serve the people, as you are no doubt aware we are being paid by the people of this country indirectly.

"The reality of the matter is that the people of Fiji have great expectations of us. They are looking to us for hope, for a better future. We should not let them down. We cannot let them down," he said.

He said full dedication and co-operation of public servants were crucial to the government's task to rebuild Fiji and foster development and progress.

"It is your obligation to be loyal to, and to serve loyally and dedicatedly, the government of the day."

"Government ministers, collectively and individually, formulate policies, plans and programmes to provide progress and prosperity for the people.

But your ministries and departments are the ones responsible for the full implementations of these policies, plans and programmes," Ratu Sir Kamisese said.

Ratu Sir Kamisese said it was also permanent secretaries duty to ensure that all decisions of the cabinet were implemented promptly and fully.

"I will now ask the Secretary of Cabinet to monitor the implementation of cabinet decisions on a regular basis," he said.

The interim government had the unenviable task of restoring progress and development, he said.

Ratu Sir Kamisese said civil servants were essential components in the achievement of that task.

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### **Rabuka on Reasons for Dismissal of Military Regime**

42000230d Surva TH: FIJI TIMES in English  
12 Jan 88 p 1

[Article by Mesake Koroi in Vanuabalavu]

[Text] The Commander of the Fiji Military Forces, Brigadier Sitiveni Rabuka, said he had to dismiss his military government because some of his ministers were "in it for their own ends."

"They were becoming more of an embarrassment than anything else."

Brigadier Rabuka made the comment at Mvulevu Village at the beginning of his official tour of Northern Lau.

He said he had promised his cabinet that they would run the country for a year.

"I could have carried on for 1 or 2 more years, but it would not have looked good, as we want the chiefs to hold leadership."

He said the opposition to the dismissal of the military regime was to be expected.

"These people were in cabinet for their own good and not for the country."

He cited the case of the former Minister for Lands, Mr Sakeasi Butadroka, changing land legislation without consulting cabinet.

"It was obvious that some of my ministers were using their positions to campaign for the next elections," Brigadier Rabuka said.

"They were using the power I gave them to achieve their own ends.

"When I saw that this was going on I thought it would be better to dismiss the military government and hand over power to Ratu Sir Penasa (Ganilau).

"If I had allowed them to continue for 1 year it would have brought the country to ruin."

On a constitution for Fiji, Brigadier Rabuka said he was opposed to an interim constitution.



He said the idea was mooted by the President, Ratu Sir Penaia, so that more aid could come into the country.

"I don't agree with that school of thought. Aid could flow into the country through responsible leadership."

Brigadier Rabuka was replying to questions raised by the islanders regarding the present political situation.

He said Fiji could go without a constitution.

"Britain and New Zealand do not have a constitution."

"Why should the rest of the world be so worried and interested in Fiji having a constitution?" he asked.

He said in its draft constitution, the military was seeking guarantees that would allow the commander of the Fiji Military Forces to be in cabinet all the time.

"This is to prevent further coups.

"Once the commander is in the decision-making of government, he will know what is going on."

He said the military was also seeking guarantees that those involved in the coups would not be penalised.

Brigadier Rabuka said instead of an interim constitution, the government should set up legislation covering finance, human rights and the judiciary.

"There is no need for an interim constitution at all."

Brigadier Rabuka said the new constitution should be ready for adoption within the next 2 years, but he did not know how the Prime Minister was planning to have it implemented.

Brigadier Rabuka told the young men of Mualevu that they possessed skills which could be used to improve the economy of their village.

He urged parents to consider ways and means of making use of youth manpower.

The brigadier also offered 10 places for young men from Mualevu to be recruited into the army. But the young men selected should return to Mualevu after completing their military training.

It was said that many young people who left the village did not return after training.

Brigadier Rabuka said the qualification for entry into the military had been upgraded to Form 4 standard because of the complex demand of training.

## **Plot To Take Over National Radio Station Reported**

4200002396 Suva THE FIJI TIMES in English  
23 Jan 88 p 1

[Text] An attempt by three men to take over the national radio station was foiled by the police yesterday.

The three men, armed with a sword and a war club, entered Radio Fiji premises at 4pm and demanded air time to broadcast to the nation that they had taken over the country.

But before they could get to the studios, the police arrived and arrested them.

The three, a lawyer, a teacher and a 70-year-old man were later charged with threatening violence, damaging property and larceny.

They are to appear in a special sitting of Suva Court this morning.

Last night they were in police custody.

Police spokesman Senior Inspector Romanu Tkotikoca said more charges were likely to be laid later.

Police alleged that the three stole from the Fiji Museum Ratu Sir Lala Sukuna's sword and a war club early yesterday.

The men then marched to FBC to press their demands.

A spokesman for the army said last night they believed that as many as 30 people may have been involved in the "plot".

An official of FBC said about 4pm, the men entered the premises and asked to see the Fijian Programme Organiser, Mr Urupeni Senibulu.

They were allowed into the studio area after claiming they had an appointment for an interview.

They were shown into Mr Senibulu's office and demanded that they be given air time.

They also claimed that they represented the Great Council of Chiefs.

As Mr Senibulu talked with the men, police were alerted and within minutes several truck-loads of policemen moved in and surrounded the station.

A group moved into the building and arrested the men as they were still talking with Mr Senibulu.

**Gaining Sugar Markets 'Highest Priority'**  
42000290k-Suva THE FIJI TIMES in English  
12 Jan 88 p 3

[Text] The government will give the highest priority to gaining the best sugar markets for Fiji, says the Prime Minister, Ratu Sir Kamisese Mara.

The Prime Minister's statement follows the recently announced \$50 a tonne cane price for the 1987 crop.

He said the Foreign Affairs Department was undertaking a review of Fiji's diplomatic representation overseas because of financial constraints.

But priority would be given to maintaining full representation in those countries which were important to Fiji's economy as markets and as sources of investment capital and aid, Ratu Sir Kamisese said.

Meanwhile, the chief executive of the Sugar Cane Growers Council, Mr Subramani Basawaiya, has cautioned against too much euphoria on the record price for the 1987 cane crop.

"It seems as though the farmers are getting a windfall but it's only a catching up process," Mr Basawaiya said.

He warned that the real benefits of the record payout price would be offset by increased costs within the industry.

"The \$50 (a tonne) is welcome but it's going to put up the cost structure of the industry," Mr Basawaiya said, claiming that labour costs, cane cutters' wages, cartage costs would go up as well.

"The forecast price at the beginning of the year determines the cane cartage, handling price and the cost of farm labour," he said.

The cost of fertiliser had already gone up, he said.

Mr Basawaiya said he hoped to have the long-awaited South Pacific Fertilizers Ltd, a local fertiliser blending and bagging company, in production by the end of this year.

He was replying to statements made at a FSC press conference in Suva on Friday that the project had been held up mainly because of the attitude of the Sugar Cane Growers Council.

Mr Lyle Cupit, FSC chairman, said the company had been formed with FSC and SCGC holding equal shares of 40 percent each and the Fiji Development Bank holding the remaining 20 percent.

But last July the former chief executive of the Growers Council, Sir Vijay Singh, asked that the project be held in abeyance because of the political situation in the country.

Later, the council asked that it be given majority shares in the company. The FDB then decided to pull out so the growers could have majority shares, Mr Cupit said.

He said the FSC had been keen to get the venture off the ground because "fertilisers have been a conflict and a form of irritation because of farmers' attitude that we control the fertiliser situation."

Because of the delay in setting up the factory, the growers had lost a \$2 million government grant towards the venture, he said.

The National Farmers Union yesterday warned against any hasty decisions on the venture.

It asked whether any feasibility studies had been undertaken to ensure that the fertiliser would be any cheaper than the imported variety and whether the quality would be the same.

NFU president, Mr Girja Prasad, said there was some dissatisfaction among farmers with the quality of fertilisers imported from Japan and Korea.

He claimed that farmers needed to use more compared with the quality that used to be imported from Australia, thus increasing the cost of the fertiliser.

Mr Basawaiya admitted that while initially, the fertiliser may not be much cheaper, at least the local blending will give a product appropriate to the needs of the sugarcane here.

He said talks were expected to begin next week with the FSC and the Minister for Primary Industries on the project.

And that the FDB had indicated it would continue as a joint venture partner.

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**Government Policies on Rice Production**  
42000231h-Suva THE FIJI TIMES in English  
18 Jan 88 p 12

[Article by Vijay Nath, director of drainage and irrigation]

[Text] The development and production of rice have continued to [be] given a high priority in Fiji's overall agricultural development objectives.

This has been in response to the government's growing concern over the rising rice import bills resulting largely from the changing dietary habits of our people, increasing population and consumption levels.

Records reveal that we eat almost 70 kg (150lb) of rice per person per year or 200 grams per person per day.

Rice, therefore, is now our most important staple carbohydrate.

The main objective of the rice development and production programme is to increase local rice production and become as much self-sufficient as possible, generate more on-farm and off-farm employment opportunities and improve the level of incomes as well as the standard of living of our people in the rural areas.

The geographical areas where rice development and cultivation activities are being concentrated are the Central Division, particularly in the Agricultural Development Project region, Western Macuata and Bua regions, the sugar cane growing areas in the Northern and Western Divisions and the coconut areas in Cakaudrove.

In an effort to achieve the stated objectives, the policies that are adopted by government entail:

(a) Intensification efforts on all existing rice lands through improved technology transfer and the development of gravity irrigation system for double cropping in the selected areas within Agricultural Development Project region and in suitable areas within the Western Macuata and Bua region.

(b) Expansion efforts on to as much new lands as possible for both rainfed and irrigated rice cultivation on suitable areas in the Agricultural Development Project region, Western and Northern Divisions.

(c) Consolidation work will continue on the further development of the existing rice irrigation projects.

(d) Development of new gravity irrigation projects for double cropping in the selected and suitable areas within the Agricultural Development Project and Western Macuata and Bua regions, with government meeting the capital costs for infra-structural work and the beneficiaries paying for all the on-farm development costs.

(e) Promotional efforts on the quick maturing high yielding varieties such as Deepak, Uttam and Maleka as well as the recommended crop husbandry and management practices to be actively pursued.

The policies outlined afore will be implemented through the following multi-pronged strategies:

(a) Intensification and expansion policies in the Central Division will be executed under the Agricultural Development Project through its own specialists, technical and extension personnel with emphasis on 'whole-farm' development concept in which rice commodity will have prominence.

(b) Intensification and expansion policies in the Western Macuata and Bua regions will be implemented by the Drainage and Irrigation Division's rice extension personnel, adopting more of a commodity development approach.

(c) Development of the proposed gravity irrigation projects under the Drainage and Irrigation Division's initiative and supervision but with the full concurrence and support of the project beneficiaries.

(d) Consolidation work in the existing irrigation projects entailing further subdivision of larger fields for better management of irrigation water, modifying cropping schedules, continue encouraging the use of smaller cost effective farm machines serviced by private contractors and the dissemination of improved high yielding rice varieties with recommended agronomic practices to farmers.

Rice extension, agronomy and farm mechanisation personnel will be implementing these in close working association with the project farmers.

(e) Extension personnel of the Extension Division will actively promote the cultivation of rainfed rice in the sugar cane areas in the West and coconut areas as an integral part of their normal daily task during the main season rice cultivation.

(f) The search for new desirable varieties suited to different ecological conditions as well as further improving the available package of practices aimed at optimising farmers' return will be undertaken by the Research Division in close liaison with the relevant personnel from the Drainage and Irrigation and Extension Divisions.

(g) The intensification, expansion and consolidation programmes will be enhanced by special incentive schemes. Good quality seed paddy of recommended varieties will be made available as far as possible, and at very reasonable costs.

Subsidies on interest rates on Fiji Development Bank loans will continue to be available. Tax concessions incentives will also be available to individuals and private enterprises who are engaged in rice production.

The prices offered for milling and seed paddy by Rewa Rice Ltd, a fully government-owned company, and other mills are sufficiently lucrative to stimulate and encourage the production of local rice.

(h) Several method and result demonstrations will be undertaken in the farmers' fields with the object of demonstrating full package of recommended crop husbandry practices.

Farmers will be exposed to these demonstrations at various stages of growth.

(i) Several farmer training courses will be conducted throughout the main rice growing areas on the various aspects of rice cultivation and production.

Fiji's land area is finite and the area suited for rice cultivation is gradually declining as urban encroachment on flat land continues. This, therefore, calls for efforts to produce more per unit area, both by increasing the yield per crop and also by increasing the number of crops per year.

Our own efforts are being supplemented by the technical assistance from the Government of Japan, through the organisation known as JICA, the Japanese International Cooperation Agency. Fiji's association with JICA in the field of "Improvement of Rice Cultivation Technology" commenced in 1985.

The objective of this five-year project is to assist Fiji in efforts to improve rice cultivation technology and consequently increase rice production.

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#### **Rice Accorded Crop Priority Status**

42000231c Suva *THE FIJI TIMES in English*  
18 Jan 88 p 30

[Text] Rice production in Fiji is now beginning to show a trend—it's increasing.

And this should continue as government has already invested and [is] continuing to invest large sums of money to develop rice projects and improve land capability to grow more rice.

Rice has been accorded the major crop priority status in DP9. Its expansion will help reduce imports, generate additional employment and income for the rural farm families. It will also assist Fiji towards moving closer to achieving self-sufficiency.

The support to the rice industry as a whole has been strengthened to assist producers as well as the millers. Tax concessions, subsidies on interest rates on FDB loan, lucrative price for paddy and seed paddy, drainage works, land improvement works, flood protection works, river dredging and irrigation schemes are just some of the major areas where government is assisting farmers to improve rice production.

A strong Rice Research, Extension, Information and Training back up is also provided by government to help rice producers implement new innovations. The projection for 1988 is 67% and by 1990 a 90% self-sufficiency in local rice production is projected.

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### Motorcycle Exports to PRC Announced

42000225a Jakarta ANTARA NEWS BULLETIN in English 26 Jan 88 p 46

[Text] Jakarta, Jan. 26 (ANTARA)—Indonesia is to export 20,000 units of motorcycles to China this year as part of the expansion in the sales of this product to the foreign markets. President commissioner of PT Astra International William Soeryadjaya said here Monday.

Speaking at a seminar on the promotion of productivity here Monday, he said further that the possibility of selling four-wheeled motor vehicles to China was currently being studied.

He admitted that for the marketing of motorcars to China, additional investments were required to change the steering construction of the cars, from the right-hand drive to the left-hand drive construction.

In reply to a question on the planned exports of motorcycles to Vietnam and four-wheeled cars to North Korea, he mentioned the existing political impediment that had hampered the realization of the plan.

Organized by the Indonesia Productivity Foundation, the one-day seminar was attended by 75 participants consisting of businessmen and government officials of various departments.

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### Exports to Taiwan Up

42000212a Jakarta BUSINESS NEWS in English 20 Jan 88 p 5

[Text] Indonesia's exports to Taiwan, according to data presented by the Central Bureau of Statistics (BPS), have tended to go up in the past several years. The data show the export value stood at US\$178 million in 1982, US\$219 million in 1983, US\$232 million in 1984, US\$354 million in 1985, US\$317 million in 1986 and US\$263 million in the first eight months of 1987.

The share of non-oil/gas commodities in Indonesia's exports to that East Asian state continued to increase, from 39.3% in 1984 to 66% in 1986, while the share of oil/gas was registered at 60.7% in 1984 and only 34% in 1986.

The supply of non-oil/gas commodities from Indonesia to Taiwan in 1986 comprised, among other things, wood products—US\$115 million, rattan—US\$31 million, animal feed—US\$11 million, ammonia—US\$6 million, coffee—US\$5 million, rubber—US\$4 million, coal—US\$3 million and stearin—US\$3 million.

07310

### Singapore Trade, Investment Figures Reported

42000225b Jakarta ANTARA NEWS BULLETIN in English 26 Jan 88 p 48, 49

[Text] Jakarta, Jan 26 (ANTARA)—The Indonesia-Singapore trade balance in the last four years (1983/86) has been in favour of Indonesia, except for 1983, during which Indonesia suffered a deficit of US\$277 million, data from the Indonesia Chamber of Commerce and Industry (KADIN) showed here Monday.

In 1983, Indonesia's export value to Singapore was recorded at US\$3,128 million, while the imports from Singapore reached a total of US\$3,405 million, or a deficit of US\$277 million for Indonesia.

The following year, the Indonesian exports to the island republic dropped to US\$2,126 million, while its imports from the neighbouring country also decreased to US\$1,239 million, or a surplus of US\$87 million for Indonesia.

In 1985, Indonesia's export value to Singapore drastically dropped to only US\$1,626 million, and its imports also decreased to only US\$839.09 million, or a surplus of US\$768.91 million for Indonesia.

In the first nine month of 1986 (January to September), the Indonesian export value to Singapore was recorded at US\$918.29 million, while its import value from that country was recorded at US\$544.40 million, or a deficit of US\$373.89 for Singapore.

According to the data, the weakening of the Indonesian export value to Singapore was caused by the world economic recession, and a policy taken by the Indonesia government to boost direct trade relations between Indonesia and the export destination countries.

The main Indonesia commodities exported to Singapore are rubber, crude oil, liquefied natural gas (LNG), plywood and tin, while commodities imported by Indonesia from Singapore are chemicals and transportation equipment.

### Investment

Meanwhile, Singapore's investment in Indonesia is ranked fourth among Asian countries after Japan, Hong Kong and India.

The Singapore capital are currently invested in 34 industrial projects, such as forestry, chemical and metal industries and worth US\$313.66 million.

06662



### Exports to Australia Declining

42000212d Jakarta BUSINESS NEWS in English  
20 Jan 88 pp 11, 12

[Text] The trade volume between Indonesia and Australia has indicated the trend of declining in the past some years. According to data obtained from the Central Bureau of Statistics (BSP), Indonesia's exports to that neighbouring country were worth US\$674 million in 1982, drastically down to US\$208 million in 1983, US\$272 million in 1984, US\$149 million in 1985 and US\$159 million in 1986.

The fall in Indonesia's exports to Australia is due to the sharp drop in the supply of oil/gas commodities to that neighbouring state, whereas the greater part of Indonesia's exports to that country have so far consisted of oil and gas.

07310

### Trade Surplus With Netherlands Reported

42000225c Jakarta ANTARA NEWS BULLETIN in English  
27 Jan 88 p A7, A8

[Text] Jakarta, Jan 27 (ANTARA)—The balance of trade between the Netherlands and Indonesia was in favour of the latter in the 1983-1987 period as Indonesia's imports from that West European state remained relatively small.

According to data obtained from the Indonesian Chamber of Commerce and Industry (Kadin), Indonesia's exports to and imports from the Netherlands in 1983 were worth US\$289.2 million and US\$184.9 million respectively, indicating a deficit of US\$31.9 million for the Dutch side.

The value of Indonesia's exports and imports in trade with the Netherlands in 1985 respectively stood at US\$391.9 million and US\$215 million, that meant a surplus of US\$176.9 million for Indonesia.

While in 1986, the Netherlands sustained a deficit of US\$263.3 million in trade with Indonesia by recording export and import value of US\$189.3 million and US\$452.6 million respectively.

In the first nine months of 1987, Indonesia's exports and imports in trade with that European country were respectively worth US\$329.1 million and US\$ 228.8 million, representing a surplus of US\$100.3 million for Indonesia.

Indonesian export commodities supplied to the Netherlands include vegetable oil, tin, cacao, plywood, spices, tea, animal feeds, coffee, animal hides, honey and vegetables.

Dutch exports to Indonesia mainly consist of machinery for industry, basic materials for industry, steel, ships, telecommunications equipment and pharmaceutical products.

The protectionism policy adopted by the European Economic Community (EEC) is the main factor hindering trade relations between the two countries.

Apart from that, Indonesian commodities offered to the Dutch market are generally less competitive compared with similar products coming from Japan, Hong Kong, South Korea and Taiwan.

In a bid to promote trade relations between the two countries, Kadin has sent trade missions to the Netherlands, besides offering Indonesian products through ASEAN trade promotion centres.

/06662

### Italian Loan for Geothermal Plant

42000208e Jakarta ANTARA NEWS BULLETIN  
14 Jan 88 pp A7, A8

[Text] Jakarta, 14 January (ANTARA)—The Italian government will give a soft loan of US\$71 million to finance the construction of a geothermal power plant on Mount Salak in West Java as a follow up to the visit of the Italian prime minister to Indonesia on 6 and 7 January.

State Minister for National Development Planning J.B. Sumarlin said Thursday the soft loan will consist not only of foreign exchange but will also include a rupiah fund (local cost) worth the equivalent of US \$8.2 million.

Speaking to reporters after seeing President Soeharto, Sumarlin added that the loan will be repayable in 20 years including a grace period of 10 years at an interest of 1.5 percent per annum.

The geothermal plant to be built on Mt. Salak will be made up of two units each with a capacity of 55 MW. The construction of the plant will be started this year and is scheduled to be completed in 4 years.

Sumarlin said the agreement on the Italian soft loan will be signed by the two sides in Jakarta in the near future.

The construction of the geothermal power plant will be carried out by a contractor of the Italian government but the potentials available in Indonesia will also be taken avail of, Sumarlin explained.

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### Trade Surplus Reported

42000212b Jakarta BUSINESS NEWS in English  
20 Jan 88 p 5

[Text] The Indonesian balance of trade in the first nine months of 1987 showed a surplus of US\$2,828.8 million with export and import value registered at US\$12,262.1 million and US\$9,433.3 million respectively. The surplus in Indonesia's foreign trade in the first nine months of 1985 and 1986 stood at US\$6,290.8 million and US\$3,283.5 million respectively.

The biggest monthly surplus in the balance of trade in the first nine months of 1987 was recorded in August, when the surplus reached US\$676.9 million because of the rise of Indonesia's exports and the fall in imports.

07310

### Minister on Foreign Investment Opportunity

42000237e Jakarta ANTARA NEWS BULLETIN in English  
12 Jan 88 p A7

[Text] Jakarta, 12 Jan (ANTARA)—Investment opportunity in Indonesia in various sectors of business, including tourism industry, is still widely opened, Minister of Industry Hartarto firmly stated here Monday.

Addressing a business meeting between Indonesia and Dutch businessmen, also attended by visiting Dutch Deputy Prime Minister/Minister of Economy Dr R. W. de Korte here, Hartarto further said that various industrial sectors, such as rubber, leather, forestry and agro-industries have not been maximally managed by foreign businessmen, including those from the Netherlands.

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### ADB Assistance for Rattan Plantation Project

42000224f Jakarta ANTARA NEWS BULLETIN in English  
24 Jan 88 p A7, A8

[Text] Manila, Jan 24 (ANTARA)—The Manila-based Asian Development Bank (ADB) has approved a technical assistance grant to Indonesia to help the government to formulate a Rattan Plantation Development Project, it was announced here Saturday.

The bank said Indonesia's considerable rattan resources provide the raw material for a lucrative processing industry.

The Indonesia Government, recognizing the increasing demand for rattan and rattan products, has given priority to the development of rattan plantations to be established by smallholders essentially following the nucleus estate pattern applied in the tree-crop sector.

The technical assistance, it went on, will focus on forestation of cut-over forest lands with high-quality rattan with a view to replenishing this depleted source; involving the local population in the establishment and management of rattan plantations through a smallholder plantation program supported by nucleus estates to provide income and employment in rural areas; and providing support facilities as appropriate.

According to the bank, the proposed project would be located on production forest and conversion forest land (forest land earmarked for agriculture and other purposes) on two sites in Central Kalimantan and two sites in South East Sulawesi.

The technical assistance will require about 10 man-month of consultant services from a team with expertise in forestry institution, rattan silviculture, rattan processing and marketing, and financial and economic analysis.

The study, it said, is expected to commence in April, 1988.

/06662

### ADB Loan for Agroindustry Credit Project

42000224g Jakarta ANTARA NEWS BULLETIN in English  
25 Jan 88 p A4

[Text] Manila, Jan 25 (ANTARA)—The development of a diversified and market-oriented agriculture sector through strengthening the linkages between agricultural production systems and agro-based marketing and processing activities is the main objective of the Agro-industries Credit Project in Indonesia which the Asian Development Bank (ADB) is supporting with US\$30 million loan, it was announced here Saturday.

The Manila-based ADB said the loan, approved on January 12, is from the bank's ordinary capital resources. It has a repayment period of 15 years, including a three-year grace period. Interest will be determined in accordance with the Bank's pool-based variable lending rate system.

The ADB also approved a US\$400,000 advisory technical assistance grant for the institutional development of the Indonesia Banking Development Institute (LPPI).

The technical assistance, is said, is designed to strengthen the institutional capability of the banking sector to expand agro-industries lending operations as well as contribute to the development of agro-based industries with particular emphasis on market analysis.

Under the Agro-industries Credit Project, a line of credit will be provided to finance the foreign exchange cost of investments and working capital for the establishment, expansion and modernization of agro-industrial enterprises.

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**Air Force Conducts Familiarization Operation**

42000224h Jakarta ANTARA NEWS BULLETIN in English 20 Jan 88 p A1

[Article: Indonesian Air Force Launches Bina Sriti Operation in Jayapura"]

[Text] Jayapura, January 20 (ANTARA)—The Indonesian Air Force Wednesday morning launched an operation code-named the Bina Sriti III Operation in Jayapura's airspace by using several fighter planes.

Performed by Squadron II of the Indonesian Air Force, the operation was designed for making the Indonesian airmen acquainted with the airspace of the East Indonesian region and stimulate them to be air-minded airforce personnel.

Commander of the operation's task force Major Tengku Sjahriar told ANTARA before the operation that four Sky Hawk A-4 fighters were involved in the operation.

The operation involved 70 airmen and got the support of two transport planes, one a Hercules and the other a Fokker-27.

Replying to a question, Head of the Operations Room of the Jayapura Air Force Base Major Setiadi said the airmen made a 20-minute flypast over the city during the operation.

They will conduct a similar operation in Biak Numfor and then continue their operation to Ambon, he said.

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**Air Force Radar Station Completed**

42000224a Jakarta ANTARA NEWS BULLETIN in English 15 Jan 88 p A4

[Article: "Indonesian Air Force Builds Radar Station for West Indonesia"]

[Text] Jakarta, January 15 (ANTARA)—Indonesian Air Force chief of Staff Air Marshall Oetomo has said that even though Indonesia has various modern fighter planes, it could not do anything without being supported by radar facilities.

A radar was a very important device for an air force, he said, when inspecting the development of a radar installation in one of West Indonesia's regions on Thursday.

Built since September 1987 and expected to finish and to be operational in March 1988, the radar installation now needs only few finishing touches such as the building of road, water facilities, a housing complex and electricity generator.

The installation has been equipped with antennae and other supporting devices.

Manufactured in France by the Thomson company, the newly-installed radar has capabilities to give an early warning and guidance to intercept every plane which violate Indonesian airspace.

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**Riau To Get More Skyhawk Squadron**

42000208f Jakarta ANTARA NEWS BULLETIN 14 Jan 88 p A4

[Text] Pekanbaru, 14 January (ANTARA)—The Indonesian Air Force is planning to deploy one more squadron of Sky Hawk fighter planes in Riau in order to protect its airspace, particularly for the regions of West Kalimantan and Sumatra Island, according to Indonesian Air Force Chief of Staff Air Marshall Oetomo here today evening.

In a meeting with local high-ranking officials held at Riau's gubernatorial office, he further said the planes would be a forefront of Indonesian defense, for guarding strategic areas such as Natuna Islands and South China Sea and to reinforce the exiting planes already deployed there.

Apart from that, the Indonesian Armed forces Headquarters in cooperation with Singapore would in the near future open a new shooting range, he said.

Riau has been chosen as the province which still has vast areas for the establishment of the shooting range. Java Island is already too populous, he added.

/12232

**Navy Warship Officially Inaugurated**

42000225d Jakarta ANTARA NEWS BULLETIN in English 27 Jan 88 p A3

[Text] Jakarta, January 26 (ANTARA)—Indonesian Navy Chief of Staff Admiral R. Kasenda Tuesday officially inaugurated the warship KRI Yos Sudarso to join the East Indonesian fleet in a ceremony held at Samudrapura pier here.

The warship, a destroyer escort, is one of three warships bought by the Indonesian government from the Netherlands.

Other similar ships, which are already here, are KRI Achmad Yani and KRI Slamet Riyadi.

Equipped with guided missiles, the warship arrived Monday after covering a distance of 10,000 nautical miles in 53 days from the Netherlands to Jakarta, calling at Cadix, Naples, Port Said, Jibouty, Bombay and Sabang.

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### **Parliamentary Official Speaks Out on Eradication of Corruption**

42130072d Jakarta KOMPAS in Indonesian  
18 Jan 88 p 1

[Text] Efforts have been made to eradicate corruption. They have just never been thorough enough. This was the statement made by M. Kharis Suhud, chairman of the DPR/MPR [Parliament/People's Consultative Assembly], in response to questions from the press in Yogyakarta on Saturday (16 January) concerning the government's determination to eradicate corruption as put forward by president Soeharto recently.

As chairman of the PPSKI (Indonesian Cattle and Water Buffalo Raising Association), M. Kharis Suhud is in Yogyakarta to attend the National Milk Workshop taking place in Kaliurang, Sleman, 16 to 18 January.

Kharis Suhud said that as soon as the Development Cabinet was formed, a clean and authoritative government followed. This means that from that moment on there existed the determination and the efforts to eradicate corruption. In practice, however, this could not be done thoroughly so that people have had to be reminded of it again, most recently by President Soeharto to the members of the DPP [branch executive boards] and the DPD [provincial executive boards] of the KNPI [Indonesian Youth National Committee].

At that time the president said the government does not condone and will take firm steps based on existing laws against corruption and all other forms of graft; such things are all against the law and obstruct development. The problem is how to prove such corruption so that legal actions can be taken against it.

Kharis Suhud said that the amount of corruption that exists is open to interpretation. But he reminded the listeners that Minister of Trade Sudomo once calculated that 30 percent of the national budget goes up in smoke because of corruption. "This is an example," said Kharis Suhud. He was not willing to give a present figure for corruption. He only said that if the situation has remained the same, the national burden will be increasingly difficult.

9846

### **Ways To Eradicate Corruption Viewed**

#### **Firm Government Action**

42130066h Jakarta KOMPAS in Indonesian  
12 Jan 88 p 1

[Excerpt] Jakarta, KOMPAS—President Soeharto stated the government will not ignore corruption or any other other form of deviation and will take firm action based on laws now in effect, because such activities are illegal

and are obstacles to national development. However, the chief of state said, the problem now is how to prove such corruption in order that legal action can be taken.

Speaking on the occasion of a visit to the Bina Graha on Monday (11 January) by leaders from KNPI [Indonesian National Youth Committee] Headquarters and chairmen of KNPI Level I DPD's [Regional Executive Councils], the president said the public is declaring there is still corruption and is demanding it be stopped and so forth. However, the chief of state said, it is difficult to take action if the existence of corruption cannot be proved or if there are merely demands. Because Indonesia is a state founded on law, action must be based on fact.

Therefore, the chief of state asked that young people throughout the country, especially those affiliated with the KNPI, take part in securing the progress of national development by, for example, becoming the eyes and ears of government agencies so that action can be taken based on fact.

The president also reminded the public at large that, besides being the eyes and ears of the government, they should not participate in corruption and other acts of that type. According to the chief of state, there have been many rumors recently of corruption and similar acts, thus raising the question as to whether or not corruption can indeed be eradicated. Consequently, people then take part in corruption. "Young people are actually bolder than the old ones," added the president, laughing.

#### **Punishment in the Hereafter**

He said that in Javanese there is a saying, "In a crazy age we must be crazy, too, otherwise we won't get anything," meaning that if one finds corruption he should take part in it.

However, the chief of state said, old people also used to warn, "No matter how much profit the crazy people get, it is still more profitable not to take part in the craziness." In other words, no matter how profitable corruption may be, it is still more profitable not to participate in it. Corruption is wrong and is a burden to the life of the perpetrator.

Although an act may not become known at the moment, it will be revealed ultimately. Even if it does not become known in this world, there will be punishment in the hereafter.

Besides corruption, the president also denounced bribery, illegal fees, and such like. He cited not only those who receive but also those who give. He said that in cases of bribery, illegal fees, and similar acts, the recipients are always the ones that are faulted, but if no one paid bribes or illegal fees these things would not happen.

For their own interests and to advance their own businesses, for example, the chief of state said, givers of bribes corrupt representatives of the state, who in their difficult circumstances are coaxed into receiving the bribes.

### Lawyers, MP Reaction

42130066h Jakarta SUARA PEMBARUAN in Indonesian 14 Jan 88 pp 1, 12

[Excerpts] Jakarta, 14 Jan—President Soeharto's appeal to young people to be the eyes and ears of government agencies in protecting national development from being undermined by waste, corruption, illegal fees, and bribery truly is very appropriate. This request will be more quickly realized, however, if it is accompanied by boldness on the part of law enforcement agencies in abolishing corruption.

This was the opinion expressed by attorneys Dr Yap Thiam Hien, SH [Master of Laws], and Luhut M.P. Pangaribuan, SH, to PEMBARUAN on Wednesday [13 January] in Jakarta.

Hamzah Haz, chairman of the APBN [State Budget] Commission of the DPR [Parliament], said in a separate interview that now is a very appropriate time to include the corruption issue in the GBHN [Broad Outline of State Policy] for the period 1988-93.

According to Hamzah Haz, who is a member of the DPR from the PPP [Development Unity Party], the corruption issue must be spelled out properly in an MPR [People's Consultative Congress] ruling so that all the people of Indonesia will have something to guide them in eradicating corruption. Eradication must begin at the RT [neighborhood association] and RW [citizens association] level.

### Appreciation

"I very much appreciate the president's appeal. If young people come to the point of participating in corruption, what will happen to this country? Corruption will destroy morals," said Yap Thiam Hien.

The secretary of the YLBHI [Indonesian Legal Aid Institute Foundation] said further that the eradication of corruption is frequently noised and is included in seminars, but the results are only so-so. Therefore, said Yap, people in high positions must be an example to young people.

He also said that the president's appeal is not merely to the KNPI organization but applies to all young people in Indonesia. Young people still at home are also included in the chief of state's appeal to truly ensure the implementation of national development.

This means, explained Yap, that a young person must ask questions if his father is only a low-level employee in a government agency but maintains his family in luxury. This applies also to a wife. She must be suspicious if her husband gives her spending money royally.

"The point made by the president involves every citizen," he said.

Yap also noted that we always understand corruption to mean rupiahs. "We never question mental and spiritual corruption, whereas the basis of all corruption is mental and spiritual," he explained.

When these two matters are given careful supervision, deviant behavior can be eliminated easily. Corruption should not be viewed from the materialistic aspect alone, cautioned Yap Thiam Hien.

In reply to a question, he said supervision is much needed, but we must not be lukewarm about it. This means that supervision must proceed continuously and must not be merely on the part of government agencies. Supervision by the community is also much needed, for members of the community are affected by acts of corruption. "The state's money comes from the people, doesn't it? That means the people have rights to the money eaten up by corrupters," he asserted.

"To what extent is the community involved in supervision?" asked PEMBARUAN.

"First, they must have information that is available if there is openness in government administration. The community must know how money from taxes, contributions, and other sources is used," he declared.

In response to another question, Yap Thiam Hien said that actually it is not enough to take legal action against the perpetrator only. People who enjoy the fruits of evil should also be punished. "Even if his wife or children," Yap said.

Luhut M.P. Pangaribuan said the president's appeal must be taken to heart by inspectors in the departments so that they will be more enthusiastic in preventing or eliminating corruption.

### Like a Balloon

Corruption is now like a balloon, said Luhut. When it is pressed on one side, it bulges on the other side, and vice versa. Thus, bulges in the balloon move from one place to another. Corruption is like that. The only way out is to deflate the balloon.

"That requires surgery, doesn't it?" he asked, adding that if only certain parts are treated there will never be healing from the disease of corruption.

In Luhut's view, results will be disappointing if we look only to UU [Law] 3/1971 to eradicate corruption. He feels that besides the law's incompleteness its enforcement has not been maximal. "There is still doubt about the courage of law enforcement agencies to act firmly," he said.

Hamzah Haz said that young people, especially of the KNPI, must lead the way in eliminating the reluctance of people to report deviant behavior that they know about. It is here where young people are needed to open their eyes and ears rather than to "open their hands," he said.

The member of parliament views the president's statement as very appropriate and one that should be used by all parties to produce momentum. Government agencies should factor it into more concrete forms.

6942

#### Comments on Party Activity Ban in Rural Areas

##### PPP Chief Cites 'Political Quarantine'

42130072a Jakarta KOMPAS in Indonesian  
16 Jan 88 p 1

[Text] H. J. Naro, general chairman of the PPP [United Development Party], believes that the idea that a sociopolitical organization is ineffective at the lowest levels, particularly in subdistricts and villages, amounts to a political quarantine which displays a lack of trust in one's own abilities and in society.

He made this statement in Jakarta yesterday at the opening of the PPP's first Party Board Session. This first Party Board Session marked the PPP's 15th anniversary.

The PPP came into being on 5 Jan 1972, the result of a merger of existing Islamic sociopolitical organizations, the Nahdlatul Ulama [Muslim Scholars Organization], the Indonesian Islamic Party, the PSII [Indonesian Islamic Union Party] and PERTI [Islamic Education Movement].

Naro said that the law has determined that sociopolitical organizations are required to raise people's political awareness. "But, in fact, sociopolitical forces, which are stated to be the basic modal for development and the nation's effective potential, are being considered ineffective at the lowest levels, in the subdistricts and the villages," he said.

He considers this situation, so unfortunate for sociopolitical organizations, to be a kind of political quarantine and one which displays a lack of trust in one's own abilities and in society. "We shouldn't quarantine ourselves; sociopolitical forces must grow and develop further to become a modal of development everywhere and at every level," he added.

##### Golkar MP's Comment

42130072 Jakarta PELITA in Indonesian 18 Jan 88 p 1

[Excerpts] If a political party thinks that it is quarantining itself, it should not use the existing political system as a scapegoat. The problem does not lie in the system but in the abilities, effectiveness and qualities of the various sociopolitical forces themselves.

Drs Bomer Pasaribu, S.H. [Master of Laws], member of the FKP [Functional Groups] faction in the DPR-RI [Republic of Indonesia Parliament], made this statement in an interview with PELITA in response to the statement made by H. J. Naro, S.H., chairman of the DPP [Central Executive Board] of the PPP. At the opening session of the first Party Board in Jakarta, as part of the PPP's 15th anniversary celebration, Naro said that the belief that the political parties are ineffective at the subdistrict and village level is a kind of political quarantine.

Bomer Pasaribu emphasized that the problem is whether the political parties can, on the one hand, become a locomotive of democracy and, on the other hand, can democratically interact and interrelate with all levels of society. "If they can't, they have created their own political quarantine for themselves. This is clearly not the fault of the existing system, the PANCASILA [Five Principles of the Nation] system," he said.

Bomer said that the existing political system is a good one now. It does not have to be changed except insofar as it has to be continually revamped and implemented so that it takes root in the minds and hearts of the people. "As far as I can see, there hasn't been as single sociopolitical force that has quarantined itself so far," he said.

When asked about the meaning of Naro's statement, Bomer Pasaribu said off-handedly to ask those who feel quarantined.

9846

##### PPP Conference Renominates Naro

42130072e Jakarta KOMPAS in Indonesian  
25 Jan 88 p 12

[Text] The PPP's [United Development Party] first Party Board Session has asked its DPP's [Central Executive Committee] general chairman H. Jailani Naro to continue to lead the DPP for this term of office and to be a candidate again for general chairman in next year's second Congress.

On Saturday [23 January] Mardinsyah, the DPP's secretary general, added that this request was one of the decisions taken at the party session which took place in Jakarta 15-16 January. The session made 23 decisions about three basic issues.



He said that the session also reaffirmed the PPP's wish to make the MPR's [People's Consultative Assembly] general session a success and to carry out all of the MPR's decisions and determinations. In addition, the session reaffirmed its unanimity in putting up General (ret.) Soeharto as a candidate for the presidency of the Republic of Indonesia for the 1988-93 term of office and in electing him to that office.

In addition, the session, attended by 134 people, completely gave the DPP the power to choose the candidates for vice president, noting that the president must approve of the candidate and that the candidate must be able to work together with the elected president.

9846

#### **NU Chief's Allegation on NU Members in PPP Disputed**

42130072c Jakarta BERITA BUANA in Indonesian  
25 Jan 88 pp 1, 9

[Text] Muhammad Amir Sannang, chairman of the governing board of the Ansor GP [Youth Movement], said that there are no NU [Muslim Scholars Organization] members in the PPP [United Development Party] who insulted NU members who are not in the PPP. The opposite exists, i.e. there are NU members who are no longer in the PPP who have tried to blacken the names of their brothers who have remained in the PPP.

Amir Sannang said this in Jakarta on Saturday [23 January] in response to a statement made in Surabaya by H. Abdurrahman Wahid, chairman of the NU's executive board, to the effect that the PPP seems to have the policy of letting NU members in the PPP insult NU members who are not in the PPP. Amir said, "The PPP has no such policy and Dr H. J. Naro, general chairman of the PPP's DPP has never ordered members to insult NU members who are not in the PPP. Ordering people to insult other people and insulting in general are sins."

Amir Sannang said that any response on the part of NU members who are in the PPP to statements made by their brother NU members who are not in the PPP is not intended to insult and at no time has there been a policy on this matter from the DPP or from the chairman of the DPP. A response was made because NU members who are no longer in the PPP said something which is untrue.

"I feel that H. Abdurrahman Wahid, chairman of the NU's executive board, doesn't have to look for someone else to blame. He himself should be very careful about saying something to the mass media," said Amir Sannang, an important youth figure in the NU.

9846

#### **'Dissidents' Criticize PDI Central Committee**

42130072b Jakarta PELITA in Indonesian  
18 Jan 88 p 1

[Text] The PDI's [Indonesian Democracy Party] executive meeting in Yogyakarta was unable to resolve current party problems. The PDI's DPP [Central Executive Board] did not convey the differences of opinion between the "Group of 17" and the PDI faction in the MPR [People's Consultative Assembly] to the PDI's provincial executive boards.

Thaib Ali, a member of the PDI's "Group of 17," made this statement at the DPR building in Senayan, Jakarta, on Saturday [16 January] in response to the PDI's Yogyakarta meeting. He said that at first the "Group of 17" wanted the PDI's executive meeting to try to overcome and solve the problems which have developed recently.

They were concerned in particular about the differences of opinion which have arisen between the "Group of 17" and the PDI faction in the MPR; these are not ordinary differences of opinion but rather are basic and principled differences, which the meeting should examine thoroughly, he said. "In addition to other differences which concern the party's future interests."

Thaib said that the PDI's executive meeting turned out to be an effort to bolster the DPP's leadership. "In this respect the 'Group of 17' is not bothered by their efforts. However, party problems were completely ignored; and, in particular, there was no discussion of current problems," he said.

Thaib said that the "Group of 17" very much regrets what came out of the meeting. "They were unable to put into effect the hopes of the minister of the interior and the commander-in-chief of the armed forces that existing problems be handled in a spirit of brotherhood for the best interests of the PDI," he stressed.

Therefore, he went on to say, the "Group of 17" thinks that the PDI's DPP is unable to put into effect the minister's and the commander-in-chief's hopes. They are unable to live up to PANCASILA democracy and the 1945 Constitution because consensus was not reached on all problems. "The PDI's executive meeting used unhealthy practices. For example, they asked that a prepared speech from the provincial executive boards be restructured according to what the DPP wanted," he said.

9846

#### **Governors Told Not To Start New Projects**

42000234c Jakarta ANTARA NEWS BULLETIN in English  
20 Jan 88 p A2

[Text] Jakarta, January 21 (ANTARA)—State Minister for Development Planning Sumarlin before a meeting of governors here on Tuesday said that no funds in the new national budget were allowed to be used for new projects. Home Affairs Ministry spokesman Faisal Tamin told reporters.

"So, there must not be any constructions of new office buildings in the upcoming fiscal year," Faisal said.

The regional administrations are only allowed to make rehabilitations or to continue the development plans which had already been assigned before using the old budget.

New projects are possible only with the currently existing plans he said, adding that this kind of projects had to be financed by the regional budget and permitted by the minister of home affairs.

Faisal said Minister Sumarlin had also asked the governors not to leave any undisbursed budget.

The current budget must be fully disbursed by the end of March because undisbursed budget will no longer be permitted in the coming fiscal year. "The budget will have to be used up by the end of the fiscal year", Faisal said.

In view of that Minister Sumarlin re-emphasized the importance of carefulness in making budget plans.

06662

#### **No New Public Works Projects Except Toll Roads**

42000237a Jakarta BUSINESS NEWS in English  
27 Jan 88 p 5

[Text] The Public Works Department will handle no new projects except toll roads construction in the 1988/89 fiscal year. Minister of Public Works Ir. Suyono Sosrodarsono told the press here last week end.

The opportunity to build toll roads is still wide open, but the realisation of the project much depends upon the investors, according to the minister. He confirmed that the construction of toll roads would continue to go on in the coming years.

The Investment Coordinating Board (BKPM) has offered the construction of toll roads to national as well as foreign private companies. Foreign companies are allowed to participate in the handling of the projects only in joint ventures with national companies.

0274

#### **Bank of Indonesia Governor Predicts Economic Improvement**

42000212c Jakarta BUSINESS NEWS in English  
20 Jan 88 p 8

[Text] Governor of the Bank of Indonesia Dr Arifin Siregar has stated that there will be difficult challenges in 1988. Delivering his address at the Annual Bankers' Meeting here recently, he pointed out that oil prices remained uncertain, the growth rate of the industrialized

countries might fall as a consequence of the October collapse of stock markets, the exchange rate of major currencies might continue to fluctuate and protectionism remained a threat.

However, with the improvement of the business climate accompanied by the recent progress made in several economic sectors—especially the recent growth in non-oil exports—economic performance is expected to improve in 1988. Arifin Siregar said further.

An increased requirement for funding is expected in 1988, especially by part of the business sector engaged in non-oil exports and in employment-creating activities, according to the Bank of Indonesia Governor.

07310

#### **Power Plants To Be Inaugurated by Soeharto**

42000237c Jakarta BUSINESS NEWS in English  
27 Jan 88 p 9

[Text] President Soeharto is scheduled to inaugurate units II and III of the Kamojang geothermal project in West Java on February 1, 1988. Minister of Mines and Energy Dr Subroto told newsmen after he met the Head of Government at Bina Graha here Tuesday. Units II and III of the power plant, which have been completed, have a capacity of 55 MW each.

Unit I of the Kamojang geothermal power plant, which was inaugurated in 1983, has a capacity of 30 MW. Based on the result of a study launched after the completion of unit I, geothermal resources found in Kamojang can be further developed. Therefore, the government continued the expansion of the power station by building units II and III of the plant. Subroto explained.

The government has also used geothermal resources found in other areas for power generation, such as those located in Gunung Salak and Gunung Darajat. The utilisation of geothermal energy in Gunung Salak is expected to begin generating electricity in 1991-1992. The potential of geothermal resources in Gunung Salak is estimated at about 140 MW.

Like Gunung Salak, Gunung Darajat also has geothermal resources with a total capacity of around 140 MW. Several investors have been exploring the possibility of taking part in the development of geothermal energy in Gunung Darajat in cooperation with the Indonesian Government. Negotiations for the handling of the Gunung Darajat Power project are now underway.

#### **Coal**

After commissioning the Kamojang geothermal power project, President Soeharto will on February 9 inaugurate a coal-fuelled power plant in Bukit Asam, South

Sumatra. The Bukit Asam thermal power plant, which will operate with a capacity of 65 MW is the first large scale thermal power plant outside Java, according to Subroto.

Coal from the Bukit Asam coal mine has also been used to operate a thermal power station in Suralaya, West Java. Unit I and II of the Suralaya thermal power plant has a total capacity of 2 x 400 MW. The government is planning to handle the installation of units III and IV of the Suralaya power station in the near future.

After the completion of units III and IV of the Suralaya power station, the plant will be able to generate electricity with a capacity of 4 x 400 MW, using coal from South Sumatra as fuel.

Each unit of the Suralaya thermal power plant will need around 1.1 million tons of coal. Thus the four units will need around 4.4 million tons of coal, of which about 3.2 million tons are expected from Bukit Asam and the rest from Bangko, Jambi.

#### Foreign Aid

The French Government has provided a loan for the construction of the Bukit Asam thermal power plant. The amount of the loan from France is F.Fr. 716 million, the rupiah funds required for the handling of the project amount to Rp 61.7 billion, according to the Minister.

Units II and III of the Kamojang geothermal power plant have been completed at a total cost of about US\$61 million provided by the International Bank of Reconstruction and Development (IBRD) and the Indonesian Government.

The credit from the IBRD for the financing of the project totals US\$57 million, while allocation made by the Indonesian Government for the project amounts to US\$4 million.

9274

#### Sugar Council Prediction of Surplus Noted

421000651 Jakarta: ANGKATAN BERSEJAJA in Indonesian 15 Jan 88 p 3

[Text] It is expected that there will be a sugar surplus in 1988 for the third time since 1986. In 1986 there was a sugar surplus of 74,245 tons, a production of 2,016,129 tons minus consumption of 1,941,884 tons. In 1987 there was a surplus of 87,137 tons, a production of 2,126,137 tons minus consumption of only 2,039,000 tons.

It is expected that the 1988 surplus will be even greater, 234,557 tons, since it is expected that sugar production will be 2,375,457 tons and consumption will only amount to 2,140,900 tons. These are the figures which ANGKATAN BERSEJAJA got from the Indonesian Sugar Council yesterday.

From these figures it can also be concluded that the growth of Indonesian sugar production has been far greater than the growth in consumption. This has become clear since 1986 when there was the first surplus production of 74,245 tons. In previous years there had always been a deficit sugar production. In 1985 there was a deficit of 165,762 tons; in 1984 the deficit was 100,098 tons, and in 1983 the deficit was 186,499 tons.

#### Increase in Capacity

This rapid growth in sugar production has mainly been caused by an increase in sugar factory capacity in Java: a 19 percent increase from 88,761 tons a day to 105,619 tons a day.

The number of sugar factories has also grown by nine, eight built by Estates, Inc., and one by private capital. This has meant an increase in milling capacity of 33,000 tons of sugar a day.

The increase in sugar intensification and extensification, especially in Java, and the rehabilitation of 46 sugar factories in Java are also mentioned as factors behind the increase in sugar production.

9846

#### More Oil Production-Sharing Contracts Expected

42000224d Jakarta: ANTARA NEWS BULLETIN in English 23 Jan 88 p 42

[Article: "Ten More Oil/Gas Production Contracts To Be Signed in 1988"]

[Text] Jakarta, January 22 (ANTARA)—Ten more contracts for oil/gas exploration and exploitation between the Pertamina state oil company and foreign contractors are scheduled to be signed this year, Bambang Suminto said here Friday.

The head of the Contract Section of the Legal Division of Pertamina's Foreign Contractors Coordinating Board added that if this could be materialized, it would be an increase in the number of contracts in 1988 over that in 1986 and 1987.

According to Bambang Suminto, in 1987 seven contracts were signed and in 1986 only three.

At present 67 oil/gas exploration contracts have been signed, operating at 67 operation sites, spread throughout Indonesia.



The 67 sites are operated by 44 operators, and the biggest among them are Mobil Oil, Caltex Pacific Indonesia and Total Indonesia.

Caltex Pacific Indonesia has five, Mobil Oil Indonesia four operation sites.

According to Pertamina's spokesman K. A. Endin, of all the contractors operating in Indonesia, 21 are already producing or starting to produce oil/gas and the rest are still at the stage of exploring.

The export of Indonesian crude oil in 1986/1987, K. A. Endin said, reached 329,522,000 barrels worth US\$4,299,830,800.

/06662

**Krakatau Steel Needs Funds for Expansion**  
42000237b Jakarta BUSINESS NEWS in English  
27 Jan 88 p 8

[Text] The state-run steel industrial company PT Krakatau Steel needs a total of no less than US\$400 million in the coming five years for expansion and the improvement of quality to increase value added. President Director of PT Krakatau Steel T. Aribowo disclosed here recently.

This year the company needs only US\$36 million from export credits and Rp 40 billion from banks here for the expansion of its activities and improving the quality of its products. The company has appealed to make repayment of the export credits in the form of goods. Several years ago, 50

of the repayment of the export credits was made in cash and the other 50

in the form of goods.

Concerning the participation of PT Krakatau Steel in joint ventures, Aribowo said the company was prepared to invest its capital in joint ventures in the form of non-cash such as steel products or land.

/9274

**Urea Fertilizer Surplus Reported**  
42000237f Jakarta ANTARA NEWS BULLETIN in English 14 Jan 88 p A7

[Text] Jakarta, 14 Jan (ANTARA)—Domestic supply of urea fertilizer for the 1987/1988 period records a surplus of more than 3.03 million tons while the national installed capacity for 1988/1989 is recorded at more than 4.9 million tons.

Generally urea fertilizer companies in the country possess amoniar units which have adequate capacity for producing urea.

National installed capacity for TSP is recorded at 1.2 million tons, while its use is 97.4 percent.

For the coming years demands for TSP are expected to increase but will need no imports as the domestic supply is enough.

Indonesia has never imported ZA fertilizer since 1985/1986.

To meet possible increase in demands for ZA the government is motivating the development of Caprolactam chemical projects to promote side production of ZA.

/9274

**Ulema Exchange Program With Malaysia To Continue**  
42000224e Jakarta ANTARA NEWS BULLETIN in English 24 Jan 88 p A3

[Text] Jakarta, January 24 (ANTARA)—Indonesia and Malaysia have agreed to continue the ulema exchange program in a bid to promote the future relations between the two countries.

"I think this program is very useful, and further discussions on it will be held from time to time," Malaysia's Religious Affairs Minister Dr Yusof Nor said following a meeting with President Soeharto here Saturday.

With regard to that, he said, some Indonesia ulemas would visit Malaysia in the near future to observe the religious life in that country.

Some 18 ulemas from Malaysia visited Indonesia last November to take part in the national meeting of the Indonesia Ulemas Council.

Following the meeting some of them toured several regions to closely observe the religious life of the people.

Minister Yusof Nor said the Malaysian government paid a great attention to religious life and considered religious tolerance as a very important factor that should be safeguarded for the sake of national stability.

/06662

**Abortion Ruled Out in Family Planning**  
42000237d Jakarta ANTARA NEWS BULLETIN in English 12 Jan 88 p A11

[Text] Jakarta, 12 Jan (ANTARA)—Indonesia is determined not to introduce abortion as a means in reducing birth rate through the family planning program although abortion will improve its rank on the international level on the implementation of the program. Dr Haryono Suyono, head of the National Family Planning Coordinating Board (BKKBN) said here Tuesday.

Speaking to newsmen after meeting President Soeharto at his Cendana mansion here, he further said that during the meeting the head of state firmly stated that Indonesia would not use the abortion method in family planning program since it was against the religious values practiced by the people of the country.

"We are implementing the family planning program not for seeking international recognition, therefore even if we are in the lower rank on the international level we should not follow other countries to practice abortion," Haryono said quoting the president.

9274

#### **Ulema Chief Warns Against Shi'ite Movement**

4213006Se Jakarta ANGKATAN BERSENJATA in  
Indonesian 15 Jan 88 pp 1, 12

[Text] The Shi'ite movement is dangerous for Islam because it is a political movement which wears an Islamic mask. The Shi'ites are fanatics and have extraordinary political ambitions; when they win or take power, they wipe out their opponents or anyone who has a different opinion from them.

In this respect they are like the communists, who always force their will on others. "We must always be on our guard against them," said Prof Dr K. H. Ibrahim Hosen, chairman of the Islamic Scholars Council [MUI], in Jakarta yesterday.

In a speech entitled "The Shi'ite movement, a danger to Islam," delivered at a seminar on the Islamic Faith, Ibrahim Hosen said that the Shi'ite sect was political from its inception and that all its movements are colored and dominated by politics. If the Shi'ites now and then touch on religious matters, these are only symbols or add spice to their efforts to further their political ambitions.

He went on to say that the enemies of Islam use the Shi'ites to destroy Islam from within. This is an easy thing for them to do, especially among the laity.

Ibrahim, chairman of MUI's Edict Commission, explained that the significant differences between Shi'ite and Sunni Muslims in matters of faith and Islamic law prove that the former has deviated from the straight path, and that we must block their influence and prevent it from filtering down to the mass of Muslims.

"It is quite possible that if there has already been a lot of Shi'ite influence on the Islamic community in Indonesia, Islamic brotherhood will be threatened and our continued existence as a nation will become shaky," he added.

To decide whether the Shi'ites are still within the bounds of truth or whether they have deviated from them, Prof Ibrahim invites Indonesians to judge their teachings in matters of faith and Islamic law. We should not be dazzled or spellbound by their brilliant and sparkling thinking, especially by their intellectuals who sometimes seem to be so original and relevant.

9846

## PEOPLE'S REPUBLIC OF KAMPUCHEA

### Correspondent Views Security Situation in Provinces

42000228 Bangkok THE NATION in English  
25 Jan 88 p 4

[Article by David Storey: "War in Kampuchea: Mosquito Bites or Bloodshed?"]

[Text] Siem Reap, Kampuchea—A dozen cracks like single rounds of rifle fire burst out of the deep undergrowth and echoed round the wall of Angkor Wat, the monumental temple and symbol of Kampuchean nationhood.

Presumably it was just target practice.

Whatever it was, a group of foreigners exploring the temple on Saturday took no notice and their guides were unruffled, continuing past the exotic carvings and crenellated spires of one of the world's biggest and most remote religious structures.

Eighteen years of turmoil in this tiny state of rice growers have often touched on Angkor Wat, the symbol of the Khmer people, but whatever fighting still persists in the country is going on elsewhere, officials and residents said.

For S.K. Jain, one of a 14-man Indian team helping restore the ancient temple, the big problem is his diet. "I am a vegetarian. It is impossible to find the right food here," he said as teams of labourers hewed stones and shovelled rubble.

Since coming in December, Jain and his colleagues were guarded by armed sentries, but he had seen no sign of conflict. "Nothing, nothing at all," he said.

The nearby town of Siem Reap, a dozy place where exiled leader Prince Norodom Sihanouk had a house, is just 150 km (100 miles) from the Thai border, site of base camps for guerrillas launching raids on the Vietnam-backed government.

The real level of fighting is hard to gauge. Few foreign visitors get more than a short escorted trip and must weigh up wildly differing claims by both sides.

Guerrillas of the Khmer Rouge, ousted by the 1978 Vietnamese invasion, has joined those of Sihanouk and another former Kampuchean leader Son Sann, operating from the forested hills along the Thai frontier, mustering about 40,000 armed men.

They claim to inflict scattered but persistent casualties on a force of over 100,000 Vietnamese troops and a fledgling army being established by the Phnom Penh government backed by a big force of militia.

This claim is dismissed by Phnom Penh. Deputy Foreign Minister Long Visalo belittles the guerrillas as being "just like mosquitos, they disturb us at night."

Vietnam's Foreign Minister Nguyen Co Thach said this week they were "just a skin disease, not a cancer."

Foreign residents in Kampuchea say travelling is restricted, and Phnom Penh, desperately short of electricity, is plunged into stygian darkness for a 9 pm to 5 am curfew.

Passengers on a convoy of buses driving the 250 km (155 miles) from Ho Chi Minh City in Vietnam to Phnom Penh on Friday saw little sign of any military activity.

The most energetic soldiers were several dozen Vietnamese loading chickens, packs and smuggled electric goods presumably bought at Phnom Penh's market, onto an antique bus by the Mekong River ferry, bound for home.

During a brief stop at Svay Rieng town, the provincial chief Mouk Sim assured them there was no security problem in his area of table-flat rice paddies studded by tall palm trees, home for 362,000 people.

"We can go anywhere, by day and by night," he said.

Sim, like all officials interviewed during a 2-day visit, repeatedly identified the anti-government guerrillas with the "genocidal Pol Pot clique."

It was Pol Pot, a close observer of China's Cultural Revolution of the 1960s who put his ideas into practice with blood-chilling ruthlessness when he headed the Khmer Rouge government from 1975 to 1978.

Estimates of the dead in his brutal revolution range between two million and three million in a small, primitive country whose population is officially estimated now at six to seven million.

The future role of Pol Pot's Khmer Rouge, now nominally under the leadership of Khieu Samphan, is a key issue in peace talks between Sihanouk and the Phnom Penh Prime Minister Hun Sen, the latest round of which was held in France last week.

Neither wants the Chinese-backed Khmer rouge back anywhere near power. Sihanouk lost five children and 14 grandchildren in Khmer Rouge camps and for Vietnam, ever-mistrustful of its huge neighbour China, their return is unthinkable.

However, Sihanouk also knows that it is the Khmer Rouge muscle in the field that has helped persuade Phnom Penh's communist leaders to start negotiating.

JPRS-SEA-88-014  
7 March 1988

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KAMPUCHEA

Interviews with Kampuchean as well as Vietnamese leaders in the last week has left little doubt of their enthusiasm to end a conflict that has largely isolated both impoverished states diplomatically and economically from the non-communist world.—Reuter

79604

### Report on Border Strength by 3d Army Region

BK151121 Bangkok THAI RAT in Thai 15 Jan 88 p 3

[Text] According to the 3d Army region's latest intelligence report obtained by THAI RAT, the Lao troop strength on Thai soil in Ban Romklao, Chat Trakan District, Phitsanulok Province, is made up of the following. On hill 1428, there are 40 to 50 soldiers from Cavalry Companies 1 and 2. They have bazookas, 82 mm mortars, RPG rockets, and 105 mm and 130 mm artillery belonging to Artillery Battalion 406, commanded by Lieutenant Khamkhang. On hill 1370, there are 30 to 40 Lao soldiers supported by bazookas and RPG rockets. There are also about 100 Lao soldiers in Phou Viang, they are from Cavalry Companies 8, 9, and 10, with Colonel Kongsai commanding. It is believed they have 82 mm mortars, bazookas, and RPG rockets.

Concerning support bases inside Laos, there is a main base at Ban San that has a field hospital with surgery, a strength of about 300 men, and is supported by 175 mm artillery. The base is commanded by Lieutenant Colonel Khamphan. There are other support bases with 105 mm and 130 mm artillery, such as Khun Nam base, Phou Han base, and Phou Kong Deuan base. Most of the soldiers come from Battalions 411 and 412, from the military headquarters in Sayaboury, and from Battalion 406, Regiment 22, of the 2d Infantry Brigade. In short, there are at least 3 battalions of Lao troops confronting Thailand at present, with an unidentified number of support troops.

The commander of the 3d Army Region Lieutenant General Siri Thiwaphan reported that there are about 200 Lao soldiers operating inside Thai territory, while about 1,000 inside Laos are being prepared for a long battle with Thailand. Anyway, he said Thai soldiers planned to flush all of the Lao intruders out of Thai territory this week.

### Invitation To Bid on ADB Loan

42000254a Vientiane KPL NEWS BULLETIN in English 27 Jan 88 pp 9, 10

[Text] 1. The Government of Lao People's Republic has received a loan from the Special Fund Resources of the Asian Development Bank (ADB) in various currencies towards the cost of Vientiane Plain Rural Electrification Project Phase-2 (VPRE-2) and it is intended that part of the proceeds of this loan will be applied to, eligible payments under the contract for:

—supply, delivery, erection and commissioning of 12 km of 110 kv line.

—supply, deliver, erection and commissioning of 110/22 kv substation principally comprised of 110/22 kv power transformers, 110 kv and 22 kv switch gear, isolators, current transformers, voltage transformers, lightning arresters, carrier communication equipment, auxiliaries

and accessories including structural and foundation materials and also their erection and commissioning including construction of control building and all associated civil works.

—supply of line construction vehicles namely mobile crane with digger, truck mounted crane, bulldozer.

2. The project will be executed by Electricite du Laos (EDL) who now invites bids for eligible bidders from member countries of ADB for the above said turn key job of the Project.

3. Interested eligible bidders may obtain further information on the bid form and inspect the bidding document at the office of:

—General Manager Electricite du Laos Samsenthai Road P.O. Box 309 Vientiane, Lao PDR Tel. 2216-43 2120 Telex 4311 or 4492 EDL VTE IS

—Tata Consulting Engineers 34, Sant Tukaram Road Canac, Bombay 400 009 INDIA Te. 343048 Telex 011-73171 TCE IN Cable TATCONSEN

—Lao P.D.R. Embassy 193 Sathorn Tai Road Bangkok Te. 286-2840 or 286-0010 Telex 82192 TH Cable AMBALAO BKK

Interested eligible bidders may make site inspection between 01 and 03 March 1988.

4. A complete set of bidding documents may be purchased by interested eligible bidder on the submission of written application to the above and upon payment of a non-refundable fee U.S. \$150 (U.S. dollars one hundred fifty only) from 01/02/88.

5. All bids accompanied by a bank guarantee of 2 percent of the bid price, must be delivered in accordance with the Instructions to Bidders on or before 04 May 1988, 09.00 hrs. (local time) at the office of General Manager Electricite du Laos, Vientiane, Lao People's Democratic Republic and will be publicly opened the same day at 09.00 hrs. (local time).

6. Electricite du Laos will not be responsible for any costs or expenses incurred by bidders in connection with the preparation or delivery of bids.

7. Work at site shall commence within twelve (12) weeks from the date of letter of intent and shall be completed in all respect including supply, erection and commissioning of all equipment, building etc... within forty-eight (48) weeks thereafter.

/9738

**SRV-Aided Power Stations**

42000254b *Vientiane KPL NEWS BULLETIN in English 26 Jan 88 pp 4, 5*

[Text] Two small size hydro-electric power stations in the northern province of Xiengkhouang are expected to be complete by the end of next April.

The stations are being jointly built by Lao and Vietnam engineers and are funded by agricultural collective member of Hokang and Tham Houi Say villages.

The first station is 24 kw while the second one is 12 kw.

/9738

**Savannakhet-SRV Province Cooperation**

42000254d *Vientiane KPL NEWS BULLETIN in English 18 Jan 88 p 1*

[Text] The twin provinces of Savannakhet (Laos) and Binh Chi Thien (Vietnam) are to promote and expand their cooperation in the economic field for 1988.

The decision to this effect was concluded recently following the visit of the provincial Vietnamese delegation to the central province of Savannakhet.

/9738

**Sekong Dam Gets SRV Aid**

42000254f *Vientiane KPL NEWS BULLETIN in English 15 Dec 87 p 4*

[Text] The building of a small dam in the southern province of Sekong has started early this month. The construction is jointly undertaken by the Lao Ministry of Agriculture, Forestry and Agri-cooperatives, and of Quang Nam-Da Nang province of the SRV.

The building of this dam is expected to be completed in May 1988. The dam is thought to be able to water more than 300 hectares of rice field.

/9738

**French Aid To Combat Effects of Drought**

42000254c *Vientiane KPL NEWS BULLETIN in English 22 Jan 88 p 1*

[Text] The French Agency for Culture and Technical Cooperation granted a 500,000 Franc aid to the Lao government.

The relief is provided to lessen last year's effects of drought stricken northern provinces of Laos.

In this connection, Khamphay Boupha, first deputy-foreign ministers, sent a message of thanks to the French cooperation agency.

/9738

**Swedish Bridge Work**

42000254e *Vientiane KPL NEWS BULLETIN in English 14 Jan 88 p 2*

[Text] Deputy Ministers of Transport and Post, T. Paseuth and S. Phakasoun together with SIDA representative T. Akesson Charge d'Affairs at the Swedish embassy here at the week end made an on the spot inspection of the construction site of a 93m long bridge, north of Vientiane capital.

The construction cost of this bridge is jointly covered by the Ministry of Transport and Post and SIDA of Sweden.

/9738

**Electricity Supplied to Khammouan Mine**

42000254g *Vientiane KPL NEWS BULLETIN in English 14 Dec 87 p 1*

[Text] The installation of a 22 kv-power-line from Thakhek, capital town of Khammouane province, to Phonetiou tin mine is under way.

Parts of the work, particularly the clearing of the path for the power line, were done with the help of the local people so far, 10 km of the 100 km long power line system have been installed.

The project is principally aimed at supplying electric power to the mining work at Phonetiou. It is expected to be completed by 1990.

/9738



**Permit Requirement for China Trade Abolished**  
42000235d Kuala Lumpur NEW STRAITS TIMES in  
English 13 Jan 88 p 15

[Article by Lee Yoke Har]

[Text] The government has abolished the approved permit (AP) licence requirement for imports from China.

Trade and Industry Minister Datin Paduka Rafidah Aziz, who disclosed this yesterday, said the decision was made during the Cabinet meeting last week and the Chinese Embassy in Kuala Lumpur has been notified.

"The decision will help increase direct trade between Malaysia and China," she told reporters after opening a conference organised by the Federation of Malaysian Manufacturers in Kuala Lumpur.

"This will also pave the way for an early Trade and Investment Guarantee Agreement with China."

Once the trade pact is signed, China, which charges differential duties on countries which do not have a trade agreement with it, would likely lift the differential duties on Malaysia's goods.

While the need for an AP was seen as an impediment to trade, its removal would help increase bilateral trade.

**Failures**

Malaysian exports to China rose to \$348.1 million in 1986 from \$211.1 million in 1985 but Datin Paduka Rafidah had said that there was still scope to increase bilateral trade.

In her speech at the seminar, Datin Paduka Rafidah said 1988 promised to be a better year based on the increase in foreign investment by 74 percent last year to \$745.5 million. Similarly, proposals for domestic investment also rose from \$43.3 million in 1986 to \$112.6 million last year.

Signs also showed that efforts made by the Government to revive the economy through the liberalisation of its investment policy have been effective.

She added that entrepreneurs could no longer adopt a "wait-and-see" attitude because by doing so, they would be missing good opportunities.

Datin Paduka Rafidah also said that failure of Government policies were often due to poor implementation by public servants.

It was, therefore, necessary for every civil servant to understand the need to act fast.

"The country cannot afford to have potential or existing investors and entrepreneurs feeling insecure simply because somewhere along the line, someone has bungled and interpreted policies to individual whims, and attempted to wield authority when there was none."

She added that responsibilities and duties have been determined and made clear at both the State and Federal levels, and short of individuals blatantly ignoring or violating the rules and procedures, investors should not face problems with the Government machinery.

She urged the private sector to bring up any complaints with the Ministry or to herself.

She asked investors who have had good experience in Malaysia to "pass the good word around" to stop people from tarnishing the image of the country.

To those taking part in the seminar, Datin Paduka Rafidah said they should keep a close watch of the changing world market and help Malaysia strengthen its lobby for greater access to markets in the developed countries.

/9274

**Waiving of PRC Import Permits Lauded**

**Chinese Chamber of Commerce Comments**  
42050013a Kuala Lumpur NANYANG SIANG PAU in  
Chinese 13 Jan 88 p 3

[Text] In principle, the Malaysian Chinese Federation of Commerce and Industry and the Chinese Chamber of Commerce for Kuala Lumpur and Selangor all welcomed the government's decision to cancel the permit system for importing PRC commodities.

Tan Sri Wee Boon Ping, the federation president, expressed hope that this major government decision will bring about a breakthrough to the development of Malaysia-PRC trade.

Lina Geok Cheng, president of the Kuala Lumpur-Selangor Chinese Chamber of Commerce, said that this official decision will pave the way for the signing of a Malaysia-PRC trade agreement and simultaneously, promote the growth of Malaysia's export trade, besides bringing benefit to consumers in our country.

Tan Sri Wee Boon Ping said that in addition to revoking this permits system, the government will review other obstacles to the Malaysia-PRC trade.

He added that hopefully the government can drastically simplify all complicated and unnecessary restrictions.

Furthermore, he said that originally this import permit system was adopted by the government with good intentions of safeguarding our business firms, but, in practice,



the disadvantages outweighed the advantages. Particularly in the matter of Malaysia-PRC trade, this measure imperceptibly became a sort of obstacle, and it is believed that this has become one of the major reasons why the trade agreement has not been concluded.

He said that the cancellation of this system certainly means that from now on business firms need no longer pay the 0.5 percent commission for importing Chinese goods, and at the same time are no longer bothered by procedural or technical problems which had, in the past, led to delays in taking delivery of the goods.

"However, Malaysian business firms which deal in Chinese imports are still placed at a disadvantage by middlemen of third countries, apart from facing other restrictions.

"Consequently, the federation hopes that the government would drastically streamline all intricate and unnecessary restrictions, so that our businessmen can enjoy greater freedom in their trade negotiations during their visits to China; at the same time, this will place our merchants in a better position to acquire more favorable reciprocal terms in their trade negotiations, thereby turning our past disadvantageous position around for the better."

Lim Geok Cheng, in his concurrent capacity of deputy president of the federation, said that the cancellation of this permit system will foster free competition for goods imported from China, which will benefit consumers, besides promoting the growth of Malaysia's export trade.

#### **NANYANG Sees 'New Stage' of Trade Relations**

42050013a Kuala Lumpur NANYANG SIANG PAU in Chinese 14 Jan 88 p 2

[Editorial: "Chinese Goods Import Permit System Is Abolished"]

[Text] The government's decision to abolish the Approved Permit [AP] system for the importation of Chinese commodities is a wise and heartening measure. This decision paves the way one step further for a speedy signing of the bilateral trade agreement between Malaysia and the People's Republic of China [PRC]. In the wake of the cancellation of the AP system, the development of Malaysia-PRC trade relations will enter a new stage.

The existence of the import AP system has always been a major stumbling block to Malaysia-PRC direct trade. Not only has it restricted the trade development, but also increased the burden and trouble to business firms which deal in Chinese goods. After years of vigorous struggle by commercial circles throughout the country, requesting the cancellation of the relevant policy, the authorities have finally submitted to the people's aspiration. No

wonder that all business firms unanimously welcomed the decision which was announced by Trade and Industry Minister Datin Rafidah Aziz.

The import AP system was formulated after the establishment of diplomatic relations between Malaysia and the PRC in 1974 to promote the trade volume and economic ties between the two countries. It was probably objectively regarded as a necessity at that time. However, as the situation changes with the passing of time, especially with the emergence of discrepancies in taxation and other restrictions, Malaysia-PRC trade functioning under this AP system has lost its flexibility, so that our primary products exported to China lost their profit potential and simultaneously the balance of payments in our disfavor was widened.

While considerable progress has been made in the bilateral trade during the 14 years of diplomatic ties between Malaysia and the PRC, the growth of the bilateral trade has been rather slow, as several transactions are still carried out through third parties. In bilateral trade matters, our country has always been in the red. Take the 1986 figures, for example: the two-way trade volume amounted to M\$1,149,800,000, of which Malaysia imported from China goods valued at M\$727,770,000 and exported to China goods valued at only M\$422,100,000. This clearly unbalanced trade needs to be rectified.

It is evident that the cancellation of the AP system is entirely advantageous to our country, although this would mean a loss of 0.5 percent commission out of the total value of Chinese imports collected by government enterprises or about 2 to 3 million Malaysian dollars annually. But, as the saying goes, "we will make up on the roundabouts what we lose on the swings" or "lose at sunrise and gain at sunset." Once the Malaysia-PRC trade agreement is concluded, the goods exported to China will enjoy preferential import rights granted by the PRC, thereby making much greater profit than the 0.5 percent commission received by the government enterprises.

At present, the PRC imposes two kinds of import taxes. A country which has concluded a trade agreement with China can enjoy a preferential tax treatment, while a non-signatory country will pay the normal import tax. Therefore, up to now Malaysian primary products exported to China have been levied the normal 30 percent tax, while products of signatory countries only 20 percent import tax. In other words, compared with the products of other countries marketed in China, we are paying 10 percent more tax, and naturally this has dulled our competitive edge. After the lifting of the AP system, more Malaysian products can be exported to China under more advantageous competitive conditions. And as we sell more to China, our country will earn more foreign exchange and narrow the gap of the Malaysia-PRC trade.

Of course, with her huge population and consumption demand, China is a country with a great export market potential, and Chinese trade officials who recently visited our country already indicated their intention of increasing their purchase of our commodities, such as palm oil and plywood. We believe that after the AP system is abolished, our export trade will register a more rapid growth. On the other hand, the market will no longer be monopolized by big business, as small business firms can place orders of goods from China direct and importers need no longer pay the 0.5 percent commission to government enterprises. Under the situation where competition is free and supply of goods is ample, prices of goods will become cheaper, and consumers will benefit from this trend.

The abolishment of the import AP system has opened up a new boundary for Malaysia-PRC trade. Local business firms should grasp this fine opportunity and strive to seek a market in China for Malaysia's primary and manufactured products. It also is incumbent upon government authorities to coordinate other measures, and loosen and simplify the restrictions for businessmen to visit China with the view to promoting the growth of our national trade and economy for the benefit of the people.

9300/9604

#### **BUSINESS TIMES on Long-Range Benefits**

42000253a Kuala Lumpur *BUSINESS TIMES* in English 23 Jan 88 p 8

[Text] With steps now well under way to lift major barriers to free trade with China, Malaysia is poised to take advantage of one of the largest markets with the greatest potential in this part of the world. At the same time, access to a wide range of Chinese products priced competitively can be expected to be available to Malaysian buyers, including manufacturers for use in their end-products. Amid the general euphoria, however, some confusion had arisen about this development, with official sources themselves apparently not sure of what is entailed. Deputy Trade and Industry Minister Datuk Kok Wee Kiat has come out to clarify that though amendments to the Customs regulations to allow direct free trade with China are in the final stages of being finalised, other regulations remain unchanged.

There had for instance been the misconception that the need for obtaining approved permits (APs) for import of particular goods from China had been lifted with immediate effect, after the Cabinet decision on January 6 to abolish the licensing system with China. Datuk Kok pointed out that only the general licensing system with regard to tradewith China is affected—the AP system which is aimed at promoting local-made products remains intact. Even the lifting of the licensing system will have to undergo the necessary legal procedures and will only come into effect after the amendments to the Customs regulations. This will be followed by the signing of a bilateral trade agreement between Malaysia and

China, according each other preferred nation status. In the meantime, all importers of goods originating from China will have to apply for the necessary licenses first. The good news is that official sources have indicated that the special committee set up to look into the matter is completing its work and the new ruling could come into effect as early as next week.

Though hopes have been raised about the possibility of sharply expanding trade with China under these new arrangements, Datuk Kok preferred to play down the effects. The lifting of the licensing system would not create a free for all rush to bring in goods from China—all it will do in the immediate term is to ensure that direct trade between the two countries will be stepped up. Presently much of the trade between Malaysia and China is conducted through other countries like Singapore and Hong Kong. Total exports to China amounted to \$421.6 million in 1986 while imports came to \$728.2 million. These figures can, however, be expected to be steadily increased with the convenience and cost savings brought about by a direct trading arrangement. For one thing, once the bilateral trading agreement between Malaysia and China is signed, local traders will qualify for a waiver of a duty of some 10 per cent that China has imposed and which they had to pay before.

It is clear, however, that the main beneficial impact of the moves to step up trade ties with China is long-term rather than immediate in nature. Contacts need to be established in China by local traders, which takes time, and business relationships and reputation will take even longer to build. A step has been made in the right direction. Taken together with the fact that a number of Malaysian companies have already begun to make investments in manufacturing, hotel, and other projects in China, economic ties between Malaysia and China are entering a new beneficial era.

/09599

#### **Palm Oil for Iran**

42000252b Kuala Lumpur *BUSINESS TIMES* in English 23 Jan 88 p 1

[Text] Malaysia, the world's largest palm oil producer, is finalising plans to export the commodity to Iran. Deputy Primary Industries Minister Alias Ali said in Ipoh that details of the first shipment were being finalised between Iran and its bankers. He did not specify the amount or timing of the shipment but said it would be modest. "It is certainly a good start," Encik Alias said.

/09599

#### **Kuwaiti Investments To Increase**

42000236a Kuala Lumpur *BUSINESS TIMES* in English 14 Jan 88 p 2

[Article by Ahirudin Attan]

[Text] Kuwait Finance Minister Jassim M. Al-Khalafi arrived in Kuala Lumpur yesterday for a three-day visit to evaluate his country's investments in Malaysia.

He led an eight-man delegation comprising members of the Board of the Kuwait Investment Authority (KIA) and a representative of the Kuwait Investment Office.

Finance Minister Daim Zainuddin was at the Subang International Airport yesterday to meet the delegation.

Mr Jassim told reporters on his arrival that the main objective of the visit will be to evaluate all opportunities in Malaysia with a view to increase the level of its investments that would eventually contribute to the country's economic development.

He said he aims to find scope for increased investment, assess the current involvement of Kuwaiti investment in Malaysia and find out the main problems facing Kuwait's businessmen and their interests in the country.

The findings are expected to be useful for KIA to adopt strategies to concentrate on areas of interest and to "plan for the future." This applies not only to investments in Malaysia but also to a number of other countries which have established relations with Kuwait, he added.

Mr Jassim said he will also evaluate investment opportunities in Australia and Japan during his current trip. Singapore was his first stop.

The evaluation exercise, he added, is in line with the country's policy to diversify its economic activities.

Mr Jassim said he is generally satisfied with Kuwait's level of investments in Malaysia. He is expected to meet Prime Minister Datuk Seri Dr Mahathir Mohamad on Friday before leaving for Australia.

/9274

**Arab-Malaysian Joint Company Established**  
42000245a Kuala Lumpur *BUSINESS TIMES* in  
English 21 Jan 88 p 1

[Text] Jami, a joint investment holding company with Arab and Malaysian interests, will be registered in Malaysia today. It will have a paid-up capital of \$100 million.

Thirteen leading companies from West Asia will be the main investors in Jami, a company combining the financial resources and management expertise of both the Arab world and Malaysia to undertake various economic activities.

The deputy president of Saar Foundation, Dr M. Yaqub Mirza, said his company will arrange for the registration of the new investment company and the setting up of its headquarters in Kuala Lumpur.

Dr Yaqub arrived in Kuala Lumpur on Monday.

The setting up of an Arab-Malaysia joint investment company was proposed at the Malaysia-Arab Trade and Investment Conference organised by the *NEW STRAITS TIMES* press in Kuala Lumpur two months ago.

The name Jami, which means Almighty in Arabic, was chosen for the holding company although it was suggested at the conference that the company be named Jamico, for Joint Arab-Malaysia Investment Company.

Dr Yaqub said: "We want to set up the company quickly as we have promised to prove that the Arab investors have genuine interest in investing in this country.

"This is a first for Arab investment in Malaysia and we hope it will be aggressively implemented," he added.

The 13 Arab companies which have agreed to participate in Jami will submit their contributions, ranging from \$100,000 to \$10 million, as soon as the holding company is registered.

The two largest equity holders, the Al Baraka Group and Al Afandi Establishment, will invest \$10 million each, or 10 per cent of the equity.

Saar Foundation will invest \$5 million or 5 per cent of the equity. It has been entrusted with the responsibility of identifying projects that Jami can undertake.

Jami is expected to concentrate on food processing, housing and property, rubber products manufacturing, plantations, mining and leasing and securities.

Dr Yaqub said Jami plans to rent office space in the Malaysia Airlines building in the near future for its operations.

He said companies and individuals will be invited to join Jami once it is registered.—BH

/06662

**Indian, Local Firms Consider Joint Ventures**  
42000247c Kuala Lumpur *NEW STRAITS TIMES* in  
English 21 Jan 88 p 21

[Article by Geraldine Albela]

[Text] Indian and Malaysian companies are looking into joint venture arrangements for six projects, involving latex-tipped gloves, food preservation and canning, electrical meters, socks, stationery items and padlocks.

Each project, with an estimated investment value of about \$500,000, will be a partnership that will involve the transfer of technology for the manufacture of these products.

The general manager of the National Small Industries Corporation Ltd (NSIC), Mr B. Banerjee, said in Kuala Lumpur yesterday, that if all the projects were to go through, about \$3 million would be spent on the transfer of technology for the projects.

He said the NSIC, which promoted the development of small-scale industries, had participated in the current Indian Trade Exhibition to help speed up the establishment of joint ventures between Indian small-scale industries and their Malaysian counterparts.

"We have received many inquiries from the private and Government sector," he said.

Mr Banerjee said this after a Press conference held by the Overseas Construction Council of India (OCCI).

#### Focal Point

Earlier, OCCI executive director Prof S. Sitaraman said the Indian trade exhibition, which began on Jan 14, received more than 2,000 visitors daily.

He said the OCCI, representing the Indian Civil Engineering and Construction sector "welcomed any joint venture proposals with Malaysian firms or collaboration work for local projects".

"The Indian construction industry has a large reservoir of qualified personnel in the technical, financial and managerial fields and we have the skills to carry out projects in many areas of construction."

He said a total of about 300 inquiries were received.

The OCCI, acting as an export promotion agency, was also a focal point for the dissemination of information. It also identified the companies which had the capacity to undertake overseas projects.

The First Secretary of the Indian High Commission, Mr Jesudass Bell, said that at least two companies at the exhibition, dealing in scooters and food processing equipment, had finalised agreements with Malaysian firms for the distribution of their products here.

Others had made individual arrangements with local firms, but no exact figures were available.

06662

#### Increase in Japanese Direct Investments Reported 42(00)247a Kuala Lumpur BUSINESS TIMES in English 21 Jan 88 p 16

[Text] Japanese direct investments in Malaysia from January to September last year increased by 3.6 times compared with the corresponding period of 1986, a Japan External Trade Organisation (Jetro) official said yesterday.

Executive director Mitsuaki Sato said in his address at the opening of Sunchirin Industry (M), a motor-parts plant in Shah Alam, that the total investment value during the nine-month period was \$125 million.

For the whole of 1987, the number of investment programmes approved for Japanese firms totalled 56, he said.

He said Malaysian-Japanese economic relations have also been strengthening at a remarkable pace in recent years.

Mr Sato added that it is a "must" for Japan to cooperate in expanding Malaysia's manufactured exports through industrialisation and enhance existing relations in the process.

For this purpose, he said Jetro has been promoting imports and industrial and technological cooperation between the two countries.

He added that under the Jetro Overseas Investment Cooperation Scheme, Sunchirin Industry is the first and most prospective case in Malaysia. Mr Sato said two other Japanese companies are also constructing their plants here while seven others are planning to launch their plants in the country soon.

All of them hope to export their products to Japan or other countries, he added.

Sunchirin Industries (M) expects a \$20 million revenue from sales of its rubber hoses with metal fittings for air-conditioners, its financial controller, Mr Kit Lew Lin, said. Income is expected to increase 50 per cent by the second year of operations.

Mr Kit said the plant, which began operations on January 10, has capacity to produce 200,000 pieces of rubber hose and other components a month.

He said that during the first six months of its operation, 100 per cent of the products manufactured would be exported to Japan, Canada and Australia but would be reduced to 80 per cent from July.

He said that a major portion of the 20 per cent would be channelled to Perusahaan Automobile Nasional (Proton), the Proton Saga car manufacturer.

Mr Kit said Sunchirin plans to build an extension to the present plant in three years, depending on the demand.

He said, Sunchirin a 100 per cent-owned Japanese company, is training local workers to upgrade their skills in operating the machines used in the factory.

Sunchirin with a \$6.6 million paid-up capital is a joint venture between Sunrise Industries Co Ltd (Japan) and Nichirin Rubber Industrial Co Ltd.—BERNAMA

/06662



**Taiwan Firm Investing in Sabah's Timber Industry**

42000252d Kuala Lumpur *BUSINESS TIMES* in English 23 Jan 88 p 2

[Text] TA FU Timber Co. a Taiwanese company based in Hong Kong, has proposed to invest US\$3 million (M\$7.5 million) in a timber plantation and to process timber in Sabah, chairman C.C. Liu said in Kota Kinabalu yesterday.

He said that his company would set up a corporation in Kota Kinabalu to operate the timber plantation and timber mills in cooperation with the Sabah Foundation.

He said this after signing a memorandum of understanding with Sabah Foundation Director Datuk Dr Jeffrey Kitingan.

Mr Liu said his company has been engaged in timber trading with Sabah indirectly for the past 15 years and it was time to participate directly.

Ta Fu Timber has four timber-related mills in Taiwan and a branch company in the USA which exports one million cu metres of wood to Japan and Korea.

"What Sabah needs now is the knowhow in the industry and my company is ready to transfer technology through employment of about 400 locals in the proposed venture," Mr Liu said.

He said the company is expected to operate for at least 15 years in Sabah, depending on the availability of timber and the economic situation of the industry.

Mr Liu said if the initial venture proved to be profitable, the company would not hesitate to invest more in Sabah.

Datuk Dr Jeffrey described the signing of the memorandum as a significant step towards the realisation of the state's industrialisation policy as envisaged by the Sabah Action Blueprint on the timber and value-added industries.

In financial terms, he said the proposed investment of US\$3 million by Ta Fu was "small but beautiful" as it symbolised the conducive investment climate in Sabah.

Datuk Dr Jeffrey said under the proposed joint venture a Yayasan Sabah subsidiary company, Sabah Softwood, would be engaged in tree plantation and processing of softwoods and low-grade timber.

He said the tree plantation would boost commercial processing of the more low-value timber to improve its value added.

This, he stressed, is important because if only quality logs were processed, it would not help in the processing of low-value timber.

Under the proposed deal, he said, the Taiwanese would be involved in a "step-by-step" process from the timber plantation to processing the timber into finished products.

This, he said, would also help in the conservation of Sabah forests for a lasting timber industry in the state.

Meanwhile, a Kuching-based Bumiputera housing-cum-furniture company has won a \$7 million order from one of the world's leading furniture distributors, the IKEA firm in Sweden.

"We will supply garden and children's furniture worth \$7 million to IKEA in the first six months of this year under a contract signed late last year," Equatorial Timber Moulding (ETM) executive director Haji Annuar Razak said yesterday.

Haji Annuar said that ETM catered mainly for the overseas furniture market and that there was good demand for the local items.

He said his company also provided garden furniture for the Holiday Inn Kuching and Holiday Inn Damai Beach Resort in Santubong, 30km from Kuching.

The ETM furniture produced at its \$10 million factory in Bintawa near Kuching will be distributed by IKEA in various countries, including the United States, Australia and the Scandinavian countries.—Agencies

/09599

**British Trade Mission Exploring New Markets**

42000252c Kuala Lumpur *BUSINESS TIMES* in English 23 Jan 88 p 2

[Article by Lim Yuet Khim: "UK Trade Mission Here Looking for New Markets"]

[Text] A 14-member British trade mission is in Malaysia for a week to explore markets and seek new opportunities for its products.

The mission, from the South Bucks and East Berks Chamber of Commerce and Industry, represents over 2,300 companies, many internationally known, whose products include engineering, furniture making, pharmaceuticals and electronics.

Formed in 1949, the membership includes many major companies in international transportation and services.

The area which the chamber represents is situated very close to London city and Heathrow Airport and surrounded by high-tech companies.



Talking to reporters after a briefing with the British Deputy High Commissioner and commercial counsellor, Mr Merrick Baker-Bates, in Kuala Lumpur yesterday, secretary of the mission David Tunks said there are good prospects for investment in Malaysia.

He said some of the members are here to learn and find out more about local companies while others are exploring new markets for their products. A few are seeking agency agreements and joint ventures.

Mr Tunks said the team which spent a week in Thailand before arriving in Malaysia is also optimistic about investing there.

He believes there is a good future for the "crescent region" of Thailand, Malaysia, Indonesia and Australia. "This area will be very successful when the world economy picks up."

Mr Tunks, who is on his third visit to Malaysia, said it is "worthwhile to be here and we will be coming back more often."

Mr Baker-Bates said the British High Commission organises six to eight missions a year. "Although 1986 was not a good year, trade mission members were advised to cultivate the market instead of just coming and going. However, 1988 promises to be a good year as all the signs are there that the world economy is coming out of the recession."

He added that Britain is the second largest investor overseas next to Japan. Its total foreign investment rose from 7 billion in 1979 to 28 billion in 1987.

One of the companies represented in the team, Test and Measurement Instruments Ltd, is seeking Mida's assistance to conclude a \$2.2 million deal by the end of the year. Mr D.J. Bellenic, a director, said the company manufactures and distributes test and calibration equipment to the oil, gas, power mining and telecommunications industries. He is currently looking for a base in Kuala Lumpur and will be back in October to take part in an oil and gas exhibition.

Pilkington Insulation Ltd hopes to follow up enquiries from the Malaysian navy which has expressed interest in its range of fibreglass insulation material used for sound and thermal insulation, a product already used by the Thai navy.

Dewplan Group Ltd is one of the leading UK companies which design and instal large equipment for the treatment of industry water. Its chairman, Mr C.B. Shirley, who is on his first visit after 30 years, is very impressed by the change the country has gone through. He is looking for new opportunities for his company and is also interested in the transfer of technology.

The trade team will be here until January 27. They will then proceed to Indonesia.

709599

**Minister Urges Press To Cover Racial Interaction**  
42000236h Kuala Lumpur NEW STRAITS TIMES in English 15 Jan 88 p 9

[Text] Kuala Lumpur, Thurs—Malay newspapers can play an effective role in uniting the different races in the country by giving wider Press coverage to all races and highlighting racial interaction, a forum on Bahasa Malaysia was told tonight.

Works Minister Datuk S. Samy Vellu said the Malay Press should consider writing on issues involving the other races as well to attract all groups and not just the Malay readers.

"The Malay Press should be representative of all groups and should not only reflect Malay thought but that of all Malaysians," he said at the forum on "Bahasa Malaysia—The Instrument for National Unity" held in conjunction with the "Love Our Language Movement" over RTM.

Datuk Samy Vellu, who is MIC president, said Bahasa Malaysia had been accepted by all races as the medium of communication and medium to promote unity, and added that efforts by all groups, including the mass media, should be stepped up in this direction.

The Minister was confident that Bahasa Malaysia would be able to play its role in uniting the country.

#### Encourage

Gerakan Youth head Dr Koh Tsu Koon said there was a need to instil the esprit de corps and love for the country among the people to create a true Malaysian nation and indirectly increase the use of Bahasa Malaysia.

He said more incentives should be given to the people to learn Bahasa Malaysia.

"We need to encourage and make positive efforts instead of paying mere lip-service to attract the people and get them interested in learning the language," he added.

MCA deputy secretary-general Dr Ting Chew Peh said that being fluent and proficient in Bahasa Malaysia did not mean that one should not learn another language, and added that "the use of Bahasa Malaysia and other languages could not be viewed separately".

He said negative reactions to Bahasa Malaysia stemmed not so much from the policy itself but more from the mode of implementation which at times conflicted with the needs of other groups.

Apart from use of the same language, other factors like mutual respect and tolerance should be given attention to in achieving national unity, he added.

Acting DAP secretary-general Lee Lam Thye also called on the Malay Press to expose the problems faced by the other races as this could help to check racial prejudice and dissatisfaction among the people.

/09274

#### **Minister on Islam Propagation Cooperation With Indonesia**

42000245c Kuala Lumpur NEW STRAITS TIMES in English 21 Jan 88 p 7

[Text] Kuala Lumpur, Wed—Malaysia and Indonesia will continue to strengthen the bilateral relations between them, especially cooperation in propagating Islam, Minister in the Prime Minister's Department, Datuk Dr Yusof Noor said today.

He hoped to further enhance ties between the two nations in such efforts during his four-day visit to Indonesia beginning tomorrow.

He was speaking to reporters after Omani Charge d'Affaires to Malaysia, Mr Mahmood Ali-Rahma called on him at his office here.

Encik Mahmood presented a cheque for US\$7,789.17 (about M\$19,470) to the Sentul Jamik Mosque Building Fund.

Datuk Dr Yusof said while in Indonesia, he would hold talks with Indonesian Ministry for Religion Munawir Sadzali and call on President Suharto.

He said he would discuss with Encik Munawir about cooperation between medical officers of the Pilgrims Management and Fund Board (Tabung Haji) and the Indonesian agency handling pilgrim matters.

He said with such cooperation, people from both countries performing the haj would be better served.—BERNAMA

/06662

#### **Increase in Pilgrimage Expected**

42000246b Kuala Lumpur NEW STRAITS TIMES in English 21 Jan 88 p 9

[Text] Kuala Lumpur, Wed—A total of 25,310 people from all over the country have registered with the Pilgrims Management and Fund Board (Tabung Haji) to perform the Haj this year.

Tabung Haji director-general Haji Ahmad Yeop Abdul Hamid said today more people had registered this year compared with last year when 24,058 people signed up

Those who had not registered should do so immediately although registration closed on Dec 30 last year, he told BERNAMA.

Kedah had the biggest number of 3,150 intending pilgrims, Johore (2,944), Perak (2,722) and the Kuala Lumpur Federal Territory (2,669).

All flight preparations had been discussed with Malaysia Airlines and there would be a total of 76 pilgrim flights this year, he said.

Haji Ahmad Yeop also said Tabung Haji had approved applications from four private organisers to ferry pilgrims to the Holy Land this year.

They are Tri-Ways Sdn Bhd, SMAS Sdn Bhd, Blue Moon Sdn Bhd and Asari Murni Agency.

They would have to abide by various conditions including:

- Paying a \$30,000 deposit to the Federal Treasury.

- Paying \$2,500 for every pilgrim they ferry to the Holy Land to Tabung Haji as bank guarantee.

- They would have to ferry the pilgrims only on Malaysia Airlines or Saudi Arabian Airlines (Saudia) flights.

- The pilgrims can only depart from airports in Malaysia and

- They cannot accept pilgrims already registered for the pilgrimage with Tabung Haji.—BERNAMA

/06662

#### **DAP Official Urges Lifting of PRC Visit Restrictions**

42050013c Kuala Lumpur NANYANG SIANG PAU (Supplement) in Chinese 14 Jan 88 p 1

[Text] Tan Kok Wee, secretary of the Youth League of the Democratic Action Party (DAP), urged the government to lift the numerous restrictions for visiting the PRC by Malaysians.

Mr Tan, who is also an MP representing New Market District, today welcomed the government's decision to cancel the Approved Permit (AP) system for importing Chinese commodities, and appealed to the government to reexamine in an enlightened attitude the procedure for individuals to apply for a visit to China, so that they can go to the PRC and return freely.

He said that 14 years have passed since the establishment of diplomatic ties between Malaysia and the PRC, and three of our prime ministers have visited China one after another, yet the government still adopts restrictive measures against private individuals.

He said that under the present situation, it is necessary for the government to reexamine our national policy toward China, toward Malaysia-PRC relationship and the regulations governing visitation to China by ethnic-Chinese citizens.

He said that the government should correct its concept and attitude toward the loyal Chinese in this country, and place trust in their loyalty, and allow them to visit China freely, because they all absolutely consider Malaysia as their fatherland, and not China.

9300-9604

#### **DAP Resolutions on ISA Detentions, Newspaper Ban**

42050013d Kuala Lumpur NANYANG SIANG PAU in Chinese 18 Jan 88 p 9

[Text] Leaders of DAP's Central Committee, divisions and branches today held a special meeting here, but they did not discuss the question of whether the party's general secretary Lim Kit Siang, who is still under detention, can continue to hold a position in a political party under the provisions of the Civic Organizations Act.

After the meeting was over, an MP representing the party said that the DAP was paying close attention to this question which had been reported in a newspaper.

He said that following the press report, DAP's lawyers began to study the articles of the Societies Act in order to present his findings to the Central Committee.

According to the press report, a person who has been arrested or detained under any valid law has no right to hold a position in a registered civic organization.

Earlier, this special meeting unanimously passed the following seven resolutions:

1. Reaffirm that Lim Kit Siang and the other detained leaders of the DAP are patriotic elements who have constantly fought for a reasonable, fair and democratic society within the framework of the national constitution; request the government to release all of them immediately and unconditionally.
2. Request the government to reissue forthwith the publication permits for THE STAR, SIN CHEW JIT POH MALAYSIA and WATAN.
3. Wholeheartedly express confidence in and support to the DAP Central Committee which is under the leadership of Acting Secretary General Lee Lam Thye, and furthermore appeal to the entire membership, while facing the present challenges and political restrictions, to demonstrate the highest degree of discipline and solidarity.

4. Call on the government to rescind the recently-amended Publishing and Printing Act and the Police Act.

5. In light of the protracted detention of Lim Kit Siang and other leaders under the Internal Security Act, which has evoked domestic and foreign criticism and doubt on Malaysia's practice of the democratic system, appeal to the government to bring up its relevant White Paper before the forthcoming session of Parliament for a comprehensive debate.

6. Appeal to Dr Mahathir in his capacity of prime minister and home affairs minister to attach importance to the extensive foreign protests against the large-scale arrests, and to release the detainees immediately as a token of respect to world opinion.

7. Appeal to the government to rescind the Internal Security Act.

9300-9604

#### **DAP To Appeal Case of Detained Executive Officers**

42000245b Kuala Lumpur NEW STRAITS TIMES in English 21 Jan 88 p 6

[Text] Seremban, Wed—The DAP will appeal to the Registrar of Societies on the position of four of its executive officers who are at present detained under the Internal Security Act (ISA).

DAP chairman Dr Chen Man Hin said today the appeals would be submitted to the registrar in about "one or two weeks time."

Speaking to reporters at the DAP service centre here, Dr Chen said the party was taking the step in compliance with Section 9A (1) (c) of the Societies Act, which disqualifies detainees from holding any post in a registered society.

The four executive offices of the party who are presently under detention are party secretary-general Lim Kit Siang, deputy-chairman and Penang DAP chairman Karpal Singh, vice-chairman Dr Tan Seng Giaw and deputy secretary-general and Perak DAP secretary P. Pato.

They are among the 33 people whose detention under the ISA has been extended by two years.

Dr Chen said today the party had not made any appeals on the matter as they were under the impression that they would first be notified by the registrar of the disqualification of their members.

### Temporary Setback

"We were waiting to be notified by the authorities. But from today's Press report it appears that we will have to submit the appeals first," he said.

He said the party would consult its lawyers, who would later he sent to the detention camp at Kamunting to advise the detainees of their next move.

"We will be submitting letters of appeal against the disqualification ruling. If our appeal is rejected then the next course of action available to us is to appeal to the Ministry of Home Affairs.

"If this too fails, then we might consider leaving the posts vacant. However, if this is contrary to the law then we will just have to appoint someone," he added.

"The situation is not alarming. Although they may not hold the posts officially, in the eyes of the party members and the people, Lim Kit Siang will still be the secretary-general of the party," he said.

Dr Chen added that their disqualification from party posts would be "just a temporary setback" which would not affect the morale of party members.

Registrar of Societies Zakiah Hashim said yesterday that it was the responsibility of the party to notify the registrar of changes to party posts, failing which the party would be considered as having violated the provision of the Societies Act.

The party and the detainees concerned could each be liable to maximum jail term of two years or fine of \$5,000 or both for non-compliance of the provision, she added.

06662

### Socialist Party To Form Pact With DAP, Pas

42000253c Kuala Lumpur NEW STRAITS TIMES in English 26 Jan 88 p 4

[Text] Johore Baru, Mon.—Partai Socialis Rakyat Malaysia (PSRM) hopes to form a pact with the DAP and possibly Pas to oppose the Barisan Nasional in the forthcoming Tanjung Puteri State by-election.

PSRM deputy chairman Abdul Razak Ahmad said a united opposition front against the Barisan was the "ideal way" to vie for the seat.

The PSRM central working committee would meet soon to work out the details. Feelers are also being sent out to gauge public reaction to the proposed pact.

The by-election is being called following the High Court ruling yesterday that the 1986 election for the seat is void.

In that election, Encik Razak lost to the Barisan's Datuk Yunus Sulaiman by 506 votes. He polled 11,003 votes to 11,509 for Datuk Yunus.

PSRM and DAP had a pact to oppose the Barisan then. Pas, which was also included in the pact, later withdrew.

### Opposition

Encik Razak, a lawyer, has been contesting in elections since 1974. He said he was prepared to stand again in Tanjung Puteri if chosen by the party.

Meanwhile, the Johore DAP is likely to oppose moves to form a pact with PSRM. Chances are the party will field a Malay candidate instead.

State DAP chief Song Sing Kwee said: "Our concern now is to test the public's response towards the party. We will be meeting soon to discuss the matter."

Mr Song, the Bandar Maharani State Assemblyman, felt the opposition would garner "very high votes" in the by-election.

It is reliably learnt that Mr Song's political secretary, Encik Ahmad Tun, has been earmarked for the by-election "to boost the DAP's multi-racial image".

Encik Ahmad, 38, a businessman, is the party's Johore deputy chairman and a member of the central working committee.

/09599

### Tactics by CPM To Lure Malays Described

42000253h Kuala Lumpur NEW STRAITS TIMES in English 25 Jan 88 p 11

[Passage in italics as published]

[Text] Kuala Lumpur, Sun.—The outlawed Communist Party of Malaya (CPM) plays on religious and nationalistic sentiments to attract the Malays, said its former chairman Musa Ahmad.

Exposing the subtle tactics of the CPM, he said it was making efforts to win the sympathy of Malay intellectuals after failing to gain the support of workers and the rural people.

In a special interview over Radio Televisyen Malaysia's programme *Caharan* (Challenge) last night, he said Malay intellectuals who were the CPM's target group were the "fence sitters"—those with open minds and who did not support any political party.

"The CPM feels that these Malays are the ones who can help them in their struggle," he said.

He said the party subscribed to the view that potential cadres could be categorised in three groups—those who could be subverted directly, those needing some persuasion first and the fence sitters.

Encik Musa said the second and third groups could be made to get involved in the CPM struggle without their realising it and they were the CPM's "pressure front".

He said CT leaders, aware of their educational handicap, were very keen to get intellectuals to help them.

"According to the communist theory, students are also a potent group for propagating the communist ideology."

He said the CPM's attempt from 1963 to 1971 to influence and infiltrate student unions and bodies in Singapore and Malaya was one good example.—Bernama

/09599

#### **Rapid Deployment Exercise by Air Force**

42000235c Kuala Lumpur NEW STRAITS TIMES in English 13 Jan 88 p 6

[Article by Sabry Sharif]

[Text] Pulau Tuba (off Langkawi Island), Tues—With less than two hours notice, key units of the Royal Malaysian Air Force Command headquarters bundled into their transport aircraft and helicopters at the Subang and Sungei Besi bases in Kuala Lumpur about 550km away to set up new tactical headquarters on this island.

The mission: Military intelligence reports enemy forces entrenched along the Kedah/Perlis side of the Thai-Malaysia border. Civil unrest is simmering in border areas, the work of subversive elements bent to destabilise the Government through international means.

The objective: Rapid deployment of air support to the battle fronts by the Royal Malaysian Air Force (RMAF) Air Support Command to enhance the Army's capability to wipe out the enemy and quash internal civil unrest.

#### **Air Support**

In a non-stop rapid deployment of personnel and equipment from Kuala Lumpur to here, the temporary tactical headquarters of the RMAF Air Command and its forward operating base on the adjacent Pulau Langkawi (which housed the operational staff and aircraft) were successfully set up by 1am, Jan 4, 1987.

This movement was completed in less than 24 hours.

By Jan 5, the forward operating base was fully operational and two days later, the tactical headquarters managed to provide maximum air support to the Army.

This "war" in the northern-most tip of Peninsular Malaysia began on Jan 3 and is expected to last till Jan 14.

RMAF Air Support Command chief, Brig Jen Datuk Mohamed Yunus Tasi, explained that the above exercise "is just a simulated operational readiness exercise for the Air Support Command.

"The movement of personnel and aircraft and the setting up of the forward operating base and the tactical headquarters are real but the war scenario is artificially conceived."

He said this operation, codenamed "Ops Hanuman", was launched to probe the command's rapid deployment capabilities and ability to provide air support in the battle fronts if needed.

Ops Hanuman involved shifting the command from Kuala Lumpur "to be close to where the action is", in this case an island off Pulau Langkawi adjacent to the "war front"—the Kedah Perlis side of the Thai-Malaysian border, said Brig Jen Datuk Yunus.

The operation showed how the command could continue its other major function, the control of aircraft movement in the various RMAF bases, from this tactical headquarters.

Brig Jen Datuk Yunus was speaking during a briefing for newsmen who had accompanied RMAF chief Let Jen Datuk Seri Mohamed Ngah Said yesterday to the forward operating base.

#### **Satisfied**

The exercise, was divided into two phases. The first phase involved an inspection of the operational readiness of the Air Support Command sub-units in the various RMAF bases in the country. This was followed by the shift of command headquarters to Pulau Langkawi and Pulau Tuba.

Brig Jen Datuk Yunus said Air Support Command learnt a lot from this exercise which would enable it to improve on its air support doctrine.

Commenting on the exercise at a Press conference, RMAF chief Let Jen Datuk Seri Mohamed Ngah said he was satisfied with the results achieved.

He said the exercise had probed the weak and strong points of the command which had to work with minimum facilities beyond its permanent base in a simulated war situation.

He added that the command's communication facilities was one of the areas in need of improvement.



Let Jen Datuk Seri Mohamed Ngah said the Air Support Command Planning Staff would improve on the Operational Readiness Doctrine upon completion of this exercise.

#### Work Together

The exercise benefitted not only the Air Support Command but also the Armed Forces as a whole because in actual war situations the command would generally work together with the Army and the Navy.

The presence of Army Corps commander Let Jen Datuk Mohamed Daud Abu Bakar to witness the running of the tactical headquarters and forward operating base testified to the importance of such an exercise to the Army.

"A higher level of operational readiness on the part of the command can also help the police in their enforcement of public order," said Let Jen Datuk Seri Mohamed Ngah.

Ops Hanuman had taught the Air Support Command the basics of operational readiness exercises but to polish up on tactics and strategies such exercises would be held annually. The last such exercise was held in Dungan in 1973.

/9274

#### Paper Views Capital Investment, Economic Recovery

42050013e Kuala Lumpur *NANYANG SIANG PAU* in Chinese 19 Jan 88 p 2

[Editorial: "Strive for Investment, Revive the Economy"]

[Text] By no means has economic recession dampened the atmosphere for investment in our country. Through new investment strategies and methods, the government has in the past 2 to 3 years been making great efforts to promote foreign investment with marked results, especially the heartening performance in various states spearheaded by capital investment from Taiwan.

Early this year, Trade and Industry Minister Datin Rafidah Aziz cited statistics from the Malaysia's Industrial Development Bureau, revealing that in the past 2 years, foreign investment has increased 74 percent and that from the investment applications submitted last year, the projects accepted involved a total investment of M\$745,500,000, an increase of M\$317,600,000 compared with the year before last. The capital came from various countries, including Japan, Singapore, Taiwan, the United States, England, Australia and India. It is expected that the projects proposed by these foreign companies will increase job opportunities in the manufacturing industries from 37,066 to 66,317, an increase of 79 percent.

Taiwan has apparently been a chief target of various states competing for foreign investments. This is because on one hand Taiwan has a large foreign exchange reserve (more than M\$180 billion) while on the other hand, under the pressure of drastically rising wages and difficulty in finding workers, Taiwan's labor-intensive industry needs to move its production line overseas. The interest of Taiwanese manufacturers in investing in Malaysia has been growing. Taiwan's investments in Malaysia amounted to \$118,500,000 last year, about twice the total of the preceding year.

In striving for Taiwan investment, Selangor, Penang, Malacca, Kelantan and Trengganu states have shown remarkable results. Selangor plans to establish a "Taiwan Village" to facilitate the setting up of factories in a concentrated area and to provide all infrastructure and facilities; the Malacca government, in an effort to attract Taiwan capital, has appointed Chinese-speaking coordinators and is preparing to establish an investment consultancy center in Taipei and to translate all relevant investment materials into the Chinese language, as well as clarify the state's flexible, reasonable and attractive investment policy.

As a matter of fact, the excellent investment climate and conditions provided by our country makes Malaysia an "investment paradise" for foreign companies. Our country possesses ample resources and industrial materials, labor and production costs are cheap, education is universal, the workers are easy to be trained, the government recently relaxed restrictions on foreign capital shareholding rights and offered various investment incentives and privileges, as well as discarded or reduced red tape. Furthermore, the Malaysian currency exchange rate finds itself in a downward condition, which is suitable for attracting foreign capital investment.

The success of the government in attracting foreign investment will be a big boost to the promotion of our economic revival. There was a slight increase in the economic growth rate last year, but it was still too low compared with other countries in this region. The unemployment problem has turned serious in our country, and it is anticipated that this year the unemployment rate will increase to a worrisome 9.4 percent. Attraction of more foreign capital and establishment of more enterprises will help create job opportunities and solve this difficult unemployment problem, while bringing about the growth of the national economy.

There is no doubt that in developing our economy, foreign investment and domestic investment are equally important. Apart from absorbing foreign capital, the government should also attach importance to domestic investors and give them equal treatment. In addition, local industrial circles should grasp this excellent opportunity provided by the government and carry out joint ventures with foreign investors in order to acquire

advanced technology and other industrial techniques from other countries, and to help our industry march forward in a modernized development.

Political stability and excellent investment environment are the most important factors to maintain industrial confidence. At the present stage when the government is making great efforts to attract foreign investment, the people should join in a common effort to maintain national peace and stability in order to strengthen the investors' confidence and promote production to speed up our economic resilience and growth.

9300/9604

### Timber Export Registers High Increase

42000235b Kuala Lumpur BUSINESS TIMES in English 13 Jan 88 p 1

[Article by Azam Aris]

[Text] Timber is poised to be Malaysia's number one non-oil commodity for the second consecutive year with export value expected to reach a record high of \$6.2 billion in 1987.

Latest statistics from the Malaysian Timber Industry Board (MTIB) made available to Business Times showed that exports of timber products last year registered an increase of 34 percent from \$4.7 billion in 1986.

The \$6.2 billion export receipt of timber products will far exceed the 1987 estimated export value of Malaysia's other two major commodities, rubber and palm oil, which are expected to reach \$3.88 billion and \$3.13 billion, respectively.

Malaysia's export of timber products in 1985 and 1984 amounted to \$4.28 billion and \$4.36 billion, respectively.

MTIB director general Encik Baharuddin Ghazali said the high sales last year was due to strong growth of saw logs, sawn timber, plywood and blockboard exports.

Despite efforts to limit exports by Sabah and Sarawak, earnings from logs exports are projected to grow by 30 percent to \$3.7 billion last year compared with \$2.8 billion in 1986.

In volume terms export of logs are estimated to reach 30.6 million cubic metres showing an increase of 8 percent over the previous year.

"The demand from logs has been particularly strong from Japan, Taiwan and South Korea, the demand from Japan has been assisted by the rise in housing starts from 1.5 million units in 1986 to 1.65 million in 1987.

"The strong currencies (against the ringgit) of these three importing countries also favoured log imports which have become more economical," he said.

Owing to the support shortage of Southsea logs and higher demand from importing countries, log prices continued to be firm since January 1987. By November the stock buildup in Japan had resulted in downward adjustment of prices.

The average price of Seraya logs (FAQ grade), for example, was only \$200 per cubic metre in November 1986 but the same had increased to \$600 cubic metre by October 1987. However, prices have stabilised at around \$375 a cubic metre.

Last year exports of sawn timber amounted to \$1.687 billion (compared with \$1.235 billion in 1986), plywood and blockboard \$485 million (\$282.6 million), veneer \$78 million (\$70 million) and moulding \$310 million (\$232 million).

For sawn timber demand from the European Economic Community (EEC) particularly in the Netherlands, the UK, West Germany and Belgium remained firm while there had been notable increase in sales to Japan, Thailand and Taiwan towards the end of 1987.

The average fob price for standard and better grade dark red meranti (DRM) which was only \$465 per cubic metre in January 1986, has moved up to \$621 a cubic metre by January 1987. Prices subsequently dropped to \$605 a cubic metre in December 1st year.

The major markets for plywood in 1987—Singapore, Hong Kong, the UK and West Asia—recorded strong demand arising from the increasing activities in both their construction and furniture manufacturing sectors.

Encik Baharuddin said the rational supply management policy adopted by the major plywood suppliers also assisted in generating this strong performance.

"For example, Indonesia had since 1986 stopped the issuance of form 'A' which allows an import duty exemption of 10 percent to the UK and also embarked on export quotas for certain target markets.

"Greater cooperation has been shown by the Asean Panel Product Federation members through the institution of a self-imposed export quota," he added.

Encik Baharuddin said Malaysia has implemented its own quota, and since September 1987 it stopped the issuance of form 'A' in an attempt to stabilise prices and avoid any incidence of over supply in 1986.

Although it will not match the 1987 performance, Encik Baharuddin said the demand for Malaysian logs is expected to remain strong.

On the immediate term, DRM sawn timber which has been enjoying buoyant demand in Europe in 1987 could dip slightly nearly this year due to overstocking.

/9274

### Large Quantities of Minerals Discovered

42000252a Kuala Lumpur NEW STRAITS TIMES in English 22 Jan 88 p 1

[Article by Fabian Dawson: "Boost for Mining Industry: Minerals Bonanza"]

[Text] Ipoh, Thurs.—The Geological Survey Department has discovered large quantities of industrial minerals and gold that would boost the flagging mining industry.

Deputy Primary Industries Minister Alias Mohamed Ali, in announcing the finds here today, said efforts were under way to mine these deposits.

Further exploration by the Geological Survey Department was being initiated.

He said the various State Governments were being advised on how best to maximise the use of minerals in their areas.

The Ministry of Primary Industries, with the help of the Trade and Industry Ministry, has embarked on a programme to attract investors to extract these minerals, Encik Alias said.

"Efforts are being taken to modernise the mining sector with the purchase of new equipment for cost-effective research and production," he said after a tour of the Geological Survey Department and the Mines Research Department here.

### Encouraging Finds

The deposits include:

- more than 1.26 billion tonnes of ball clay that is used in the ceramics industry. This clay is in several parts of the peninsula with the largest single deposit in Johore;
- some 190 million tonnes of kaolinitic clay in the peninsula. It is used in the ceramics and paper industry in addition to being used as filler for rubber-based industries;
- about 70 million tonnes of montmorillonite clay in Sabah that can be used for bleaching palm oil;
- about 3.3 billion tonnes of high calcium limestone, 75 million tonnes of high magnesium limestone and 300 million tonnes of dimension stone. These minerals are used in the cement and limestone industry;
- fine gold in Sarawak and in the central part of the peninsula. The Department estimates that 13,000 sq km of ground has gold potential.
- coal totalling about 500 million tonnes in Sarawak.

Encik Alias said there has been encouraging finds of alluvial and primary gold in Pahang, Kelantan, Negri Sembilan, Johore, Sabah and Sarawak.

He said initial reports on the prospects of gold mineralisation in north Pahang and Kelantan have generated interest among local and foreign miners.

"We have received 27 applications for further exploration for gold and a large number of applications for small-time mining from locals," he said.

In Perak, the Geological Survey Department has initiated a three-year exploration programme with the Japanese International Co-operation Agency to look for gold, kaolin and ball clay in the Bidor-Tapah area.

Other than gold, priority is being given to tapping the potential of the montmorillonite clay deposits in Sabah.

This clay, Encik Alias said, will contribute substantially to reducing imports as some \$15 million is spent every year to buy the mineral for the palm oil industry.

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### Graduate Unemployment Situation Improving

42000246a Kuala Lumpur BUSINESS TIMES in English 21 Jan 88 p 8

[Article by Johari Ismail: "Private Sector Acts To Help Jobless Grads"]

[Text] The graduate unemployment situation appears to be heading for an improvement despite the latest estimates which put the number of jobless graduates in the country at 60,000.

While there is rising hue and cry from various quarters over the growing problem, there are also those who are actually taking positive measures to provide jobs for these graduates.

Already there is a move akin to war-time mobilisation by some private companies to arrange special vocational programmes for them.

They appear to have taken the cue after frequent calls by the Government to help alleviate the problem.

The Government, which once shouldered the bulk of the burden to provide employment for graduates from both local and foreign educational institutions, has already admitted its limitations.

Burdened with one of the largest bureaucracies in the world and reeling from the effects of the current worldwide economic recession, it has to muster support from the private sector as it can no longer provide jobs for the increasing number of new graduates.

To date, over a dozen companies have taken up the task of helping graduates to secure jobs—among them Petronas, Electrolux (M), SAL Publication Company, Intel Malaysia, Caltex Oil Malaysia and Kentucky Fried chicken Holdings (M).

It is learnt many more are also planning to create similar programmes, either directly or indirectly.

One company taking the lead is the national oil corporation, Petronas, which has pledged to fully exploit its various joint ventures with foreign concerns to create more jobs for graduates.

The corporation has already embarked on recruiting some 6700 graduates to undergo a special training programme aimed at exposing the participants to the real working life.

Under this scheme, some of the graduate-trainees will be absorbed as permanent staff while for the others, efforts will be made to help them secure employment in other organisations or companies.

#### Ventures

An interesting feature that has emerged from the Petronas initiative is that the graduates are very much in need of a training programme designed to nurture good values and attitudes such as self-reliance and good work ethics.

From its observation of the participants, Petronas has discovered most unemployed graduates lack self-confidence or are overly worried about the limited job opportunities available.

"These value and attitude problems need to be corrected before anything can be done to help them secure a good vocation to make them an asset to their employer," Petronas vice-president for human resource management Datuk Dr Abdullah Sanusi Ahmad said.

To truly benefit from the scheme, the graduates must be prepared to undertake their own business ventures as even a huge organisation like Petronas has limits as to how many people it can employ but, as the corporation has discovered, such a spirit is none too common.

According to a Petronas report, most of the scheme participants appear to place too much hope on getting permanent employment with the corporation.

Another company, Electrolux (M), is likely to face the same value and attitude problems with the 200-odd graduates it is taking in for its special vocational training programme.

Like the Petronas scheme, Electrolux's one-year programme is designed basically to provide graduates with working experience and the necessary professional attitudes and not to guarantee positions commensurate with their academic attainments.

The company's group managing director, Gunnar Br berg, has described the programme as preparing graduates "to work their way up to become the core of our future executives".

In other words, such programmes are not meant to automatically provide the graduates with high positions in the sponsoring companies upon completion of their training programmes.

#### Realities

Once the training requirements are met, it is up to each participant to prove his worth and work his way up the corporation ladder like any other executive.

Again, to achieve this, self-reliance and self-confidence are indispensable qualities.

In the light of this, local institutions of higher learning are beginning to realise the need to stress programmes exposing undergraduate to the realities of working life.

Universiti Malaya, for example, has adopted a new policy, to be implemented starting this academic year, to make practical training obligatory in all courses it offers.

Under the new ruling, students are required to undergo practical training with various organisations, agencies or companies during the long vacation and, if necessary, even for post-graduates studies.

Vice-Chancellor Royal Prof Ungku Aziz, in explaining the new ruling said: "The time has come for the university to create graduates with practical experience in view of the sluggish economy and unemployment problem besetting the country."

Such a requirement, however, is not new to most developed countries. Institutions of higher learning in the United States, Canada and West Germany, for example, had long ago adopted in-course practical training programmes to help students prepare for the harsh realities of the post-academic world.

Royal Prof Ungku Aziz said as a result, it was these foreign universities that had produced graduates with practical experience and competency to help further develop their countries in all fields.

Time was when a university education by itself was enough to push one up society's ladder of success but this no longer appears to be the case.

However, this may be a blessing in disguise as it may eventually lead, as proven in most developed countries, to the evolution of enterprising graduates, one of the most valuable human assets a nation can have.—BERNAMA

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### **Sabah Trade Surplus Increase Reported**

42000247h Kuala Lumpur NEW STRAITS TIMES in English 21 Jan 88 p 19

[Text] Kota Kinabalu: Sabah continues to enjoyed a favourable balance of trade, \$2.7 billion during the first eleven months last year, against \$1.3 billion for the corresponding period of 1986.

This is a rise of \$1.4 billion or 108.6 per cent, according to latest figures from Sabah Statistics Department.

The statement said export revenue for the first eleven months of last year was \$5.9 billion, compared to \$4.4 billion for the same period the previous year, a rise of \$1.4 billion or 32.3 per cent.

Between October and November, exports declined marginally from \$659.4 million to \$656.9 million and imports decreased from \$315.3 million to \$305.4 million. Consequently, the trade surplus rose from \$344.1 million to \$351.5 million, a rise of \$7.4 million or 2.2 per cent during the month-long period.

The statement said the major export commodities during the period were sawlogs, crude petroleum, cocoa beans, sawn timber, palm oil, copper concentrates, hot briquetted iron, methanol and plywood.

These nine major export commodities accounted for \$4,929.3 million or 84 per cent of the total exports of Sabah for the eleven month period.

Sawlogs retained its position as the leading major export commodity, with an export value of \$2.1 billion for the period, compared with \$1.4 billion for the same period of 1986, an increase of \$753 million or 55 per cent.

The rise in revenue from sawlogs was due to the rise of the f.o.b. unit value from \$177 to \$228 per cubic metre, and the rise in quantity exported from 7.7 to 9.3 million cu metres, it added.

The second major export during the period was crude petroleum which amounted to \$1.3 billion, followed by cocoa beans (\$413.4 million), sawn timber (\$374.8 million) and palm oil (\$374.8 million).

### **Trade Partner**

Meanwhile, the statement said, Sabah's total exports during the eleven months' period of last year amounted to \$3.2 billion, against \$3.1 billion for the corresponding period of 1986, a rise of \$33.6 million or 1.1 per cent.

Machinery and transport equipments reaffirmed their position as the foremost export group with an export value of \$921.3 million or 28.9 per cent of Sabah's total exports for the period.

Japan continued to be Sabah's leading trading partner.—BERNAMA ES

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**Benefit of Wingti's Visit to Indonesia Doubted**

42000220e Port Moresby PNG POST-COURIER in English 25 Jan 88 p 4

[Article: "What Did We Gain"]

[Text] A state visit, as the one by Mr Wingti to Indonesia last week, is always important. And as such, this newspaper saw fit to send a reporter to cover the official visit.

But now in hindsight, what did the nation really gain from the visit?

Mr Wingti has talked about reciprocal trade arrangements between Indonesia and ourselves. That, while it may sound exciting, has yet to be initiated by officials of both countries before private enterprise can play leading role to make it become fact.

Now, Mr Wingti is talking about Air Niugini flying into Bali in the hope of enticing some of the tourists from there to visit PNG. Again, this is still to be negotiated.

But surely other issues should have been discussed.

What assurances have we got from Indonesia they will not mistreat our Melanesian brothers in Irian Jaya? How about the refugees who return over the border. Are they tortured? And perhaps the most important question is—has Indonesia an expansionist policy towards PNG?

Mr Wingti's visit was a top public relations exercise.

As such, it should have sought answers for the questions posed above. If he has the answers, Mr Wingti is under obligation to make a public statement to tell the people of PNG what has been discussed.

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**Rift Between Papuan, New Guinean Ministers Reported**

42000220c Port Moresby PNG POST-COURIER in English 19 Jan 88 pp 1, 3

[Article by Frank Senge: "Revolt in Cabinet"]

[Excerpts] Regional difference between Papuan and New Guinean ministers in Cabinet is threatening Government solidarity.

And it is feared that the conflict is likely to affect Cabinet decisions.

Yesterday, concerned Waigani official disclosed this information to the POST-COURIER.

The problem, which has been brewing for some months, broke out in the open last week when Foreign Affairs Minister Mr Doi stalked out of a Cabinet meeting protesting against the sacking of three senior Papuan army officers.

A new rowdy affair was brought under control by Prime Minister Mr Wingti, Waigani sources said.

But now Papuan Ministers have regrouped and are demanding the governorship of the Central Bank—the Bank of PNG.

And they are being supported by one senior New Guinean minister.

Sources say the regional differences between ministers will be far from over even if the governorship problem is solved amicably.

Papuan politicians have always complained in Parliament of unequal distribution of the country's wealth and development priorities.

Last year, lawyer politician Bernard Narakobi (Wewak) told Parliament that Papuans had control of a lot of statutory bodies and constitutional offices like the chief Justice, the Auditor-General and the Chief Ombudsman Commission.

The situation is tense. The Papua bloc formed basically to wrest the Prime Ministership and for a more unified voice, remains the most volatile power in politics—with enough weight to bring down governments and the conviction to remain a unified force with allegiance to no other political grouping but itself.

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**Wingti's Attitude Toward OPM Protested**

42000220b Port Moresby PNG POST-COURIER in English 19 Jan 88 p 2

[Text] Prime Minister Mr Wingti's public repudiation of any common ground with the Melanesian "freedom fighters" of the adjoining Indonesian province of Irian Jaya has drawn strong protests from OPM (freedom fighters) supporters in PNG.

They demand to know how he can separate the neo-colonialism of Indonesia in what they call "West Papua" from French rule over the Melanesian Kanaks of New Caledonia.

But it has also highlighted PNG's dilemma in its dealings with its powerful neighbor.

Mr Wingti describes Indonesian rule over Irian Jaya, which shares PNG's only land border, as an "historical decision" and, as such, beyond PNG's influence.

Irian Jaya was "an integral part" of Indonesia, he told an airport Press conference before leaving on his first state visit to Indonesia last Saturday.

He then pointed to the 1969 Act of Free Choice—in which a consensus of handpicked "elders" who constituted legislative assemblies voted to become part of Indonesia in a limited plebiscite widely labelled the "Act Free of Choice"

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#### **Deputy PM for 'Supervision' of Media**

420001220a Port Moresby PNG POST-COURIER in English 18 Jan 88 p 1

[Article: "Supervise the Media, Says Chan"]

[Text] Deputy Prime Minister Sir Julius Chan believes the media should be "supervised"—not "prohibited".

"The mass media in PNG—video advertising, television, radio and newspapers—is fragmented and uncoordinated," Sir Julius said on Friday.

"We need some sort of central body to ensure that it is responsible."

He said the freedom of the Press was vital in any democracy and PNG had one of the "freest Presses in the world."

However, this freedom was "occasionally abused".

He said controls were needed to ensure fair reporting and to offer avenues to the public to lay complaints if people felt they had been unfairly represented in the Press.

Meanwhile, the debate on whether the Government should legislate to control the media in PNG goes live on air tomorrow night, courtesy of the NBC's Karai Service.

The proposed Bill's architect, Communications Minister Mr Ramon and his Australian consultant, Mr Stuart Littlemore are to be part of a panel of senior members of the community lined up to answer questions in the "talk-back" show from 8 pm to 9 pm.

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#### **Diro Demands Two Top Cabinet Posts**

##### **Seeks Deputy PM Post for Self**

420001220g Port Moresby PNG POST-COURIER in English 25 Jan 88 p 1

[Article by Sema Rea: "Diro Demands Two Top Posts"]

[Text] The People's Action Party leader, Mr Ted Diro, has demanded two more Cabinet portfolios for his party.

And for himself, he wants nothing less than the deputy prime ministerial post.

Mr Diro has not ruled out the possibility that he could become the first Papuan Prime Minister.

The Central MP and former Minister for Forests made the demands during an hour-long meeting with Prime Minister Mr Wingti on Friday afternoon—only hours after Mr Wingti returned from his State visit to Indonesia.

Papua Bloc MPs are rallying behind their leader to wrestle away the number two job from the People's Progress Party leader, Sir Julius Chan.

When newsmen broke the news of the Mr Diro's court victory, Mr Wingti said: "Well, justice has taken its course. We have to respect the court decision. As a leader, I would be meeting him (Mr Diro) at an appropriate time."

The Port Moresby District Court last Thursday cleared Mr Diro of five perjury charges which arose from the Inquiry into the country's timber industry.

Mr Diro said two top Cabinet jobs would be the focal points of discussion by the Papuan leaders in the coming weeks.

Mr Diro is understood to have been briefed by the Prime Minister on his meetings with Indonesian leaders, including the Armed Forces Commander, General Benny Murdani.

He refused to reveal what had been discussed.

Mr Diro said he wanted stability in the Government, but at the same time he wanted "a good deal" for his group.

#### **Opposition Backs Diro**

420001220g Port Moresby PNG POST-COURIER in English 25 Jan 88 p 3

[Text] The Opposition has jumped to the 'aid' of the Papuan bloc in the Government.

Pangu Party strongman Sir Pita Lus (Maprik MP) said the Prime Minister, Mr Wingti, was deliberately keeping the leader of the Papua Action Party, Mr Ted Diro, out of the ministry.

"Mr Diro is a victim of political persecution by a Prime Minister he (Diro) and his group have so loyally supported to hold the number one political job in the land," Sir Pita said.

"The Prime Minister does not have any option left except to remove a couple of wayward Ministers and commission Ted Diro as a Minister of State."

"The consequences of not giving Mr Diro a fair deal will result in deterioration of the current political situation.

"Mr Wingti tolerance of ministers such as Defence Minister Mr Pokasui (Defence), Mr Duwabane (Agriculture) whose public comments have brought embarrassment to the Government smacks of a case of double standards.

"To ignore Mr Diro from taking an executive role in national politics will be seen as an endorsement of current arguments that the Wingti-Chan Government is out to run leading Papuans out of top political and Government jobs," Sir Pita said.

### Wingti Says Demand Rejected

42000241 Port Moresby PNG POST-COURIER in English 29 Jan 88 p 1

[Article by Sema Rea]

[Text] The Prime Minister, Mr Wingti, has rejected Papua Bloc demands to have Central Province MP Ted Diro as his deputy.

In an hour-long meeting yesterday, Mr Wingti told Mr Diro and his deputy, Mr Aruru Matiabe, that he would not give them "anything at all".

Soon after his lower court victory from five perjury charges last week, the former Forests Minister announced that he would demand two more Cabinet portfolios for his People's Action Party.

As for himself, Mr Diro wanted nothing less than the deputy prime ministerial post.

But yesterday, Mr Diro and his deputy failed to persuade Mr Wingti to accept their demands.

Mr Wingti later told the Post-Courier that he had said "flat no" to their demands and added "my principles are more important".

In a brief statement, the Prime Minister said he had told Mr Diro and Mr Matiabe that they would not be appointed to any ministry.

Mr Wingti said that as Prime Minister he had a primary responsibility to act in the overall interest of Papua New Guinea, irrespective of individual considerations.

Therefore his decision yesterday was based on his commitment to the welfare of the nation as a whole.

### Paper Supports Wingti

42000241 Port Moresby PNG POST-COURIER in English 28 Jan 88 p 3

[Editorial: "Wingti Has No Choice"]

[Text] The Ted Diro saga, and a place for him on the National Executive Committee, seems to go on and on.

But while Mr Diro's supporters in the Papuan bloc keep making demands that he must be given a ministry, it can only be said that right now they are being unrealistic.

The Prime Minister, Mr Wingti, realises that the Papuan Group is an important part of his coalition government. But he has already stated publicly that he cannot include Mr Diro in his Cabinet again until such time as the Forests Inquiry is completed, and its findings released.

Mr Diro has figured prominently in the inquiry.

And a National Court decision yesterday allowing a judicial review of perjury charges against Mr Diro lends support to the Prime Minister's stand.

It is standard procedure in any democracy that anyone holding high office should stand down if there are allegations of misconduct against them, or if they face criminal charges.

Mr Diro followed this course by stepping down from Cabinet last year. In that light, one would expect that he would prefer to see events reach their final conclusion.

As it stands today, Mr Wingti has no option but to reject any demands by Mr Diro...or his supporters.

### Diro Contradicts Wingti Statement

Port Moresby PNG POST-COURIER in English 1 Feb 88 p 2

[Article by Sema Rea]

[Excerpts] The Prime Minister, Mr Wingti, has been accused of misrepresenting details of the meeting he had with leaders of the Peoples Action Party last week.

According to PAP leader Ted Diro, the Prime Minister has contradicted himself when he said he had turned down PAP demands for Cabinet jobs.

The three leaders had held discussions in which Mr Wingti had agreed to consider their demands, Mr Diro said.

Mr Diro and his deputy Mr Aruru Matiabe, told reporters on Friday the Prime Minister's "contradictory statement" had surprised them.

They said the statement was contrary to what they had earlier discussed and agreed upon. Both leaders did not disclose other issues they discussed with Mr Wingti.

Mr Diro said his party would be firm on its demands but he would no longer comment on the issue.

"The ball is now in Mr Wingti's court," an angry Mr Matiabe added.

PAP strategists met late on Friday to plan their next course of action.

With the possible no confidence vote looming, party strategists are confident the Prime Minister will undoubtedly need the support of everyone in the Government camp.

PAP, Papua Party and independent Southern region MPs—commonly known as Papua Bloc—form the second largest group in the Wingti-led government, with 19 members.

It is understood that Mr Wingti is reluctant to reinstate Mr Diro and Mr Matiabe at this stage because both men are yet to have their cases dealt with by the courts.

An application by the Forests Inquiry Commission for a judicial review of the five perjury charges against Diro, which had been dismissed by the Port Moresby District Court, was granted by Judge Hinchcliffe in the National Court on Thursday.

The application was presented by the State Prosecutor, Mr Peter Boyce on behalf of the Commission.

Legal arguments on the judicial review application will start on February 17 at 9.30am.

Mr Diro's deputy Mr Matiabe is facing a carnal knowledge charge.

#### **Murdani Admits Diro Cash Deal**

420002201 Port Moresby PNG POST-COURIER in English 27 Jan 88 pp 1, 3

[Article by Frank Senge]

[Text] Indonesian armed forces chief General Benny Murdani has admitted he gave US\$139,000 to Central Province MP Mr Ted Diro.

Prime Minister Mr Wingti revealed this yesterday "to clear up the mystery once and for all".

Mr Wingti said General Murdani made the admission during private talks he held with the general in Bali, Indonesia.

General Murdani also admitted that he had earlier denied giving the money to Mr Diro because he was "highly embarrassed by the disclosure" Mr Diro made in Port Moresby.

General Murdani had twice told the Indonesian parliament that he had not given the money to Mr Diro.

The Prime Minister said yesterday that General Murdani decided to change his story in the interest of PNG and Indonesia's overall relationship after discussions with President Suharto.

Mr Wingti—now under pressure to appoint Mr Diro his deputy—had to seek legal advice before revealing the matter publicly.

But Mr Wingti said General Murdani had not disclosed to him why he gave Mr Diro the money so the "reasons remain private between General Murdani and Ted Diro".

Mr Diro had told the Port Moresby Commission of Inquiry into Forestry that the money was a donation to fund his People's Action Party election campaign last year.

President Suharto also told Mr Wingti that he had become aware of the transaction when Diro revealed the cash deal at the commission of inquiry.

Mr Suharto told Mr Wingti that the transaction "was purely a private affair between the two of them (Diro and Murdani) and did not involve the government or armed forces of Indonesia".

Mr Wingti said: "President Suharto told me that the accepted General Murdani's explanation, and that Suharto was satisfied that he did not compromise Indonesia's relationship with PNG.

"At the time Ted Diro made the revelation General Murdani was highly embarrassed and thought it best to deny Mr Diro's story.

"But after discussions with President Suharto, he decided to clear up the mystery once and for all by revealing his role in the matter to me.

"I am highly appreciative of President Suharto and General Murdani's honesty and decency in revealing this information to me.

"It is a great indication of the respect Indonesia has for PNG and signals a new depth and maturity in the relationship that exist between our two countries.

"Some may say that I should keep this information to myself, but in the public interest, I am setting the record straight. I am revealing today my knowledge of the affair."

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## Sacking of Defense Force Officers Provokes Controversy

### Uproar in Cabinet

42000219 Port Moresby: PAPUA NEW GUINEA  
POST-COURIER in English 19 Jan 88 p 3

[Article by Sema Rema: "Wingti Halts Rowdy Papuan Walkout"]

[Text] Papuan Ministers in the Wingti-led Government nearly staged a walkout during Cabinet discussions over Defence Force staff changes last Thursday.

But thanks to Prime Minister Mr Wingti's diplomacy the rowdy Cabinet meeting was finally brought under control.

According to Waigani sources yesterday, Mr Wingti was sympathetic to the Papuan Ministers but they were out voted.

The incident occurred during discussions leading to the sacking of three of Defence Force's most high ranking officers—all Papuans.

They were Colonel Lima Dotaona, assistant secretary border liaison, Colonel Kwago Guria, military attache to Canberra, and Colonel Robert Dademo, Chief of Staff.

Defence Minister Mr Pokasui's Cabinet paper gave the following reasons for their sacking:

Col Dotaona—"During his time with Foreign Affairs he compromised his position (as being too personal) with the Indonesians". He has served the Force for 20 years and comes from Milne Bay Province.

Col Dademo: "He has been offered a military attach position in Jakarta but refused because he thought that is inferior to him. He has served the Force for 24 years and comes from Northern Province."

Waigani sources said there were already signs of discontentment among the colonels over the recent appointment of the new Defence Force Commander, Brigadier General Rochus Lokinap.

Indications are that they believe they have been overlooked for the position and have openly expressed feelings of animosity.

Sources added that Cabinet submission on the matter was ill-researched, half-baked and did not offer options for Cabinet to give constructive decision.

### Defense Minister Denies Charge

Port Moresby: PNG POST-COURIER in English  
20 Jan 88 p 2

[Article: Pokasui Denies Regional Bias"]

[Text] Defence Minister Mr Pokasui yesterday scotched rumors that three army colonels were removed last week because of regional bias or personal grudges.

And he warned that unless leaders abandoned regionalistic differences and attitudes, PNG was "heading for doom and instability".

Mr Pokasui said the officers were removed from the force because of "continuous infighting and back stabbing, political lobbying" and because they posed a security threat to the country.

"One colonel was back-stabbing the former commander of the force and busily campaigning to remove him and have himself appointed. I have documentary evidence to prove this," Mr Pokasui said. He did not name the person.

Last week, Cabinet approved a submission from Mr Pokasui to remove Chief of Staff, Colonel Robert Dademo; Assistant Secretary Border Liaison, Colonel Lima Dotaona and defence attache to Canberra, Colonel Kwago Guria.

Papuan ministers who were out-voted in Cabinet nearly staged a walkout.

Professor John Waiko and Opposition Leader Michael Somare have attacked the decision, saying it created animosity between the regional groupings and because the minister bore personal grudges against the officers.

"The Defence Force does not belong to ethnic New Guineans nor ethnic Papuans. It belongs to the people of Papua New Guinea," Mr Pokasui said.

"All appointments, promotions and posting within the Defence Force, or for that matter, in the civil service must be done on merits."

He said it was unfortunate that the three colonels were all Papuans.

He said the full Defence Council—comprising the Secretary Steven Mokis, Commander Rochus Lokinap and himself—had met and recommended the removal of the three officers.



### Wingti Defends Defense Minister

Port Moresby PNG POST-COURIER in English  
25 Jan 88 p 3

[Article by Peter Kili: "He Says Pokasui Decision Is Fair"]

[Excerpts] Prime Minister Mr Wingti yesterday defended his Defence Minister Mr Pokasui from criticisms of the decision to dismiss three top colonels from the Defence Force.

Mr Wingti told a Press conference yesterday that the Government had not sacked the officers, but "merely re-deployed them" within the Public Service.

"My Government regards these officers highly for the contribution they could make to the public service with their experience and professional discipline", Mr Wingti said.

The three officers' new appointments would be announced by the Public Services Minister, Mr Samana, he said.

Mr Wingti lashed out at the Opposition for looking at the changes as moves against the Papuans.

The criteria of making decisions based on regionalistic terms was used only by people "with little minds who do not have the national interest at heart", he added.

"Under this Government, there can be no claim by any one ethnic group, whether Papuan or New Guinean, to particular jobs in the Public Service", Mr Wingti said.

He said that the changes had boosted the morale of the Defence Force to a higher level.

"The bread and butter issues affecting our servicemen are now being seriously looked into.

"These include the review of allowances similar to those offered in the public service", Mr Wingti said.

Mr Wingti again stressed that his Government was set on utilising the Defence Force in the overall development of PNG.

"The Government will not tolerate the past situations where the Defence Force sits in the barracks waiting for a war that will not come", he said.

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### Interim Army Pay Raise Announced

42000220d Port Moresby PNG POST-COURIER in English 20 Jan 88 p 1

[Article by Frank Senge: "Pay Rise for Army"]

[Text] Soldiers are to get a pay increase next month—their first in 12 years.

Defence Minister Mr Pokasui announced yesterday that all members of the Defence Force will pick up K17 more in their pay packets, starting on February 12.

The increase will be backdated to January 11, 1988.

This is an interim measure only, pending the outcome of a review of general salaries and conditions due in May.

Yesterday's announcement of the K17 pay increase has not been approved by the Defence Council but it was apparent from the Minister's enthusiasm that he will have his way.

### Subsidies

Mr Pokasui said this pay increase was the first soldiers had received since independence. Their pay was not even adjusted with annual consumer price index increases, the minister official said.

Soldiers have managed to get by with subsidies for food and housing and allowances for married soldiers.

The average private soldier's wage now is about K50.

By comparison, labor statistics for 1984 indicate that the minimum wage to the general laborer over 19 years of age in an urban areas is K83.02 per fortnight.

Since 1984 the CPI has increased over 15 per cent.

Mr Pokasui said the increase is still very low in comparison to current police salaries but could be made up in the subsidies.

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### **SIAM RAT Urges Tough Stand To Stem Refugee Influx**

*BA291505 Bangkok SIAM RAT in Thai  
29 Jan 88 p.8*

[Editorial: "The Effective Way To Stop Refugee Influx"]

[Text] We regret to point out here that not even once in the past has the Thai Government ever solved any problem, be it political, diplomatic, or economic, in a timely manner. Suffice it to say that Thailand has survived until today because of luck, rather than any careful plan or policy. This is quite dangerous.

The influx of refugees into the country is a very good example. We have long warned that Thailand must not be too generous in this regard. However, the government has never listened. As a result, we are now facing the problem of a continuing refugee influx, despite the fact the war [in Indochina] has already ended.

It is apparent that our present refugee policy was formulated and influenced by the flattery that Thailand has a high sense of humanitarianism and by the policy of blindly opposing socialist communist countries which has forced Thailand to disseminate the propaganda that communism is bad. Therefore, more and more people flee their communist countries to Thailand.

We believe that we must correct our policy before Thailand fills up with hopeless refugees who have nowhere to go.

Let us examine what has happened to other countries of first asylum for refugees. Pakistan now has millions of Afghan refugees. Nobody, not even the United States or Soviet Union, has come forward to help relieve its burden. The presence of Palestinian refugees in Lebanon has not helped that country attain any peace.

What matters most is that the refugees in our country are now causing new problems. For instance, they deceive their compatriots in order to flee to Thailand. What they do once they are in this country is unpredictable. However, it is hoped that they will not use Thailand as their base against our neighboring countries; otherwise, we will have to be prepared to cope with endless difficulties.

Now is the time for us to set forth a clear policy for dealing with this matter, as follows:

- 1) Close the border to stop the refugee influx.
- 2) repatriate the refugees through negotiations.
- 3) turn the refugees out of the country if negotiations fail, and
- 4) use drastic measures, secretly if necessary, to intimidate the potential refugees so that they will be afraid to come to Thailand.

Although these measures might sound inhumane, they can effectively stop the refugee flow into the country. If these measures are to be implemented, we must not let international organizations bother us. They only say what is the right thing to do and vice versa. No country faithfully follows the rules and regulations, especially all the major powers, which are nothing but hypocrites.

We wish to stress that it is not necessary for Thailand to be polite to all countries, particularly those disregarding international laws and practices. If we strictly follow the rules and regulations, we will only plunge ourselves into a defensive position, and Thailand soon will be unable to survive as a nation.

### **NAEO NA Editorial Asks Laos To Rethink Border Dispute**

*BK021355 Bangkok NAEO NA in Thai 31 Jan p.5*

[Editorial: "The Way Out for Laos"]

[Text] A group of foreign diplomats from 34 countries have already traveled to the Thai-Lao border to observe the situation. We believe that the diplomats have seen the evidence and sent reports about the actual situation to their respective governments. These reports will provide accurate information for deliberation at the United Nations so that the world body will not easily fall for the tricks of the side that has intentionally created such a situation.

Laos and Thailand have had good relations for a long time, and although the Lao Administration has now changed to a communist system, deep down, the Thai people and the government still harbor a kindred feeling toward Laos. The conflicts along the common border are nothing new and are not serious. Throughout history, Thailand and Laos have mutually depended on each other, have given as well as taken from each other, and have remained good friends.

The current dispute in Ban Romklao, Chat Trakan District of Phitsanulok Province was started by the Lao side. Although Laos knew that the foreign diplomats would pay a visit to observe the situation because Thailand had released news about the trip earlier, Laos committed an inexcusable act by firing artillery rounds to frighten the diplomats. Those diplomats were not party to the dispute or persons in charge of the policy directing the fighting. Laos should respect the prestige and status of diplomats in accordance with international practice.

That action by Laos will only bring ill will upon itself. The only way out for Laos is to put an end to the violence and bring itself to the negotiating table. The talks could be held in a third country with observers from the UN as witnesses. If Laos insists on being stubborn and foolishly resorting to violence, Thailand may some day have to close the border, and this will be a great loss for Laos.

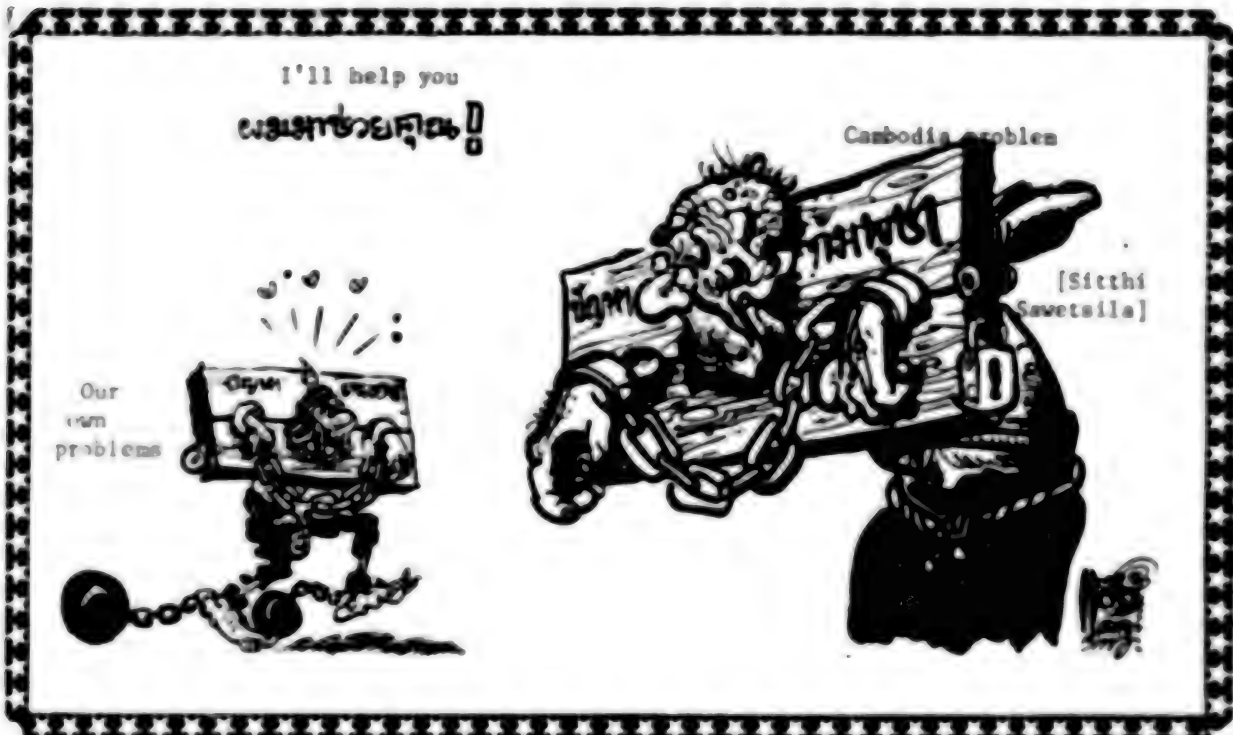
Laos should clearly reconsider what concessions it should and should not make to a foreign country of which it has become a satellite. Otherwise, it may experience irreparable damage and finally lose its good friends and its friends who can have an affect upon the livelihood of the Lao people.

#### Cartoon Spoofs Government Dilemma on Cambodia Impasse

420700ND Bangkok DAILY NEWS in Thai  
23 Dec 87 p 3

MMC Sittipol has concluded the agreement with Chrysler Canada to export 100,000 units within 6 years. But there are indications that the company will boost the export to 200,000 units.

Branded Dodge Colt and Plymouth Colt under technical collaboration between Chrysler and Mitsubishi Motor Corp, the first lot will reach the Canadian market early next month. Korn said it also marked the first time for cars assembled in South East Asia to be sold in North American markets.



[Cartoon]

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#### Locally Assembled Cars to Canada

42000227d Bangkok THE NATION in English  
11 Jan 88 pp 17, 19

[Text] MMC Sittipol Co Ltd yesterday shipped the first lot of 420 Thai-assembled cars to Chrysler Canada in a deal which will pave the way for the company to export up to 200,000 units to North American markets.

The shipment was effected at Sattahip Commercial Port on the Eastern Seaboard witnessed by Industry Minister Pramual Sabhavasu, his deputy Korn Daharansi, Deputy Finance Minister Prapat Pothisuthon, and top executives of the company.

Last month Siam Motors Group exported 40 units of Nissan Sunny to Brunei, marking the first lot of auto exports by Thailand.

Korn will be in Vancouver on 2 February, to receive MMC Sittipol cars from Meijin Maru of NYK Line where a ceremony will be held for the historic event.

Meijin Maru will take 7 days for sailing to Japan. It will pick more Mitsubishi cars from that country for Canada. Mitsubishi will ship 500 units next month and 1,000 units in each following month.

Korn met Mitsubishi Motor President M. Ueda at Montien Hotel Pattaya on Saturday to discuss more exports of Thai-assembled cars to Canada and the United States. The Japanese auto giant has endorsed the quality of the cars assembled in Thailand. He said it is also accepted by the Canadian market.

He said there would not be problems in marketing because Canada has big demand. The question is how can Thailand boost its efficiency in production for exports.

John B. Damoose, vice president of sales and marketing of Chrysler Canada, said it would be very likely for the volume to double to 200,000 units because the country has the annual demand for passenger cars up to one million units.

In a speech delivered before the shipment, Damoose said the prices of Thai-assembled cars are competitive enough in the Canadian market and its quality will contribute to successful exports.

A top executive of Chrysler Motor of the United States will be in Thailand next month to meet Korn and discuss possible exports of cars from Thailand to American markets. Chrysler Chairman Lee Iacocca is also expected here late this year.

Ueda informed Korn that Sittipol has manpower problems because it has only 150 technicians for the auto export project. The company still wants to recruit more but cannot provide training to them in time.

The ministry intends to meet with engineering schools for Sittipol to provide auto production programme as curriculum in the final year of study. Students will have preliminary experience before joining auto assembly plants.

Prinya Lee-isaranukul, chairman of MMC Sittipol said the company will have to invest 300-400 million baht more to expand the auto assembly capacity for exports and hundreds of workers will be recruited. There will also be investment in auto-parts manufacturing.

Korn said Mitsubishi intends to invest in more equity here to facilitate the car export project. "We are in a better position than Malaysia which will export Mitsubishi-designed Proton Saga to the United States. The Malaysian national car company has made it clear that it wants to have auto-parts supplies from Thailand. But we do not need any parts from that country," he added.

Ueda said it would be likely for Thailand to spearhead the production of gasoline engines for passenger cars among ASEAN countries. This depends on the decision of Mitsubishi Motor.

"If Thailand is selected as the location for gasoline engine production, there would be a lot of benefits for the local auto industry. The company is also studying the parts for manufacturing under ASEAN auto complementation programme which calls for parts manufacturing and supplies among member countries.

## Police Arrest Antimonarchy Leafleteers

### Two-Month Hunt Ends

42000227a Bangkok THE NATION in English  
26 Jan 88 pp 1, 2

[Text] After a 2-month hunt for the masterminds behind leaflets criticizing the Monarchy, police yesterday arrested five suspects and seized more than 1,000 copies of the underground leaflets and printing equipment.

But police, in the press conference yesterday, revealed only four of the suspects, two of whom are university students.

Police Chief Pow Sarasin identified the four suspects as Vimol Cherdchoochon, 36, Srifa Sawangyen, 20, Nonviboon Sukasang, 36, and his wife, Vasuthee Sukasang, 36.

The name of the fifth suspect, Pahol Promthong, was revealed in a police document. He has not been formally charged.

Police also seized from them 760 slanderous leaflets, a portable typewriter and a mimeograph machine, he said.

Pol Gen Pow said Vimol and Srifa are university students but declined to say at which institution. But Interior Minister Prachuab Suntrangkoon said one of them is studying at Ramkhamhaeng University.

Pow said four suspects were charged with slandering the royal family and expressing malice towards the Monarchy, but declined to say where they were detained.

The penalty for those who insult the Monarchy is 3 to 15 years of imprisonment.

Police sources said the suspects are detained at the Police Training School in Bang Khen District.

After questioning this first group of suspects, police will arrest any other people implicated in the slander, Pow said.

Police yesterday showed the seized printing equipment and leaflets during the press conference at the Police Department, but none of the suspects was brought there.

The sources said Vimol, Srifa and Nonviboon were arrested at about 5:30 am at Amporn Garden with new leaflets they were to distribute there during a commencement ceremony. They later implicated Vasuthee, owner of a private kindergarten in the eastern province of Rayong, as their accomplice.

The underground leaflets were printed at the kindergarten and taken by a middleman for distribution in Bangkok, the sources said.

THE NATION learned that police apprehended the four suspects after arresting the middleman, Pahol, with 133 leaflets entitled "Facts That Deserve Publicity Part II."

Twenty-two more leaflets were hidden in a toilet in Amporn Garden and 175 more were found near San Saeng Thong student party in Ramkhamhaeng University.

A police investigator said Srifa confessed that she had typed the original leaflet copies before having them printed.

The woman said she was not acting on anybody's order but did the work on her own initiative, the officer said.

Police and army officials have been on an intensive hunt for the masterminds of the slanderous leaflets distributed shortly before HM the King's 60th birthday on 5 December.

Authorities said it was suspected that the Communist Party of Thailand (CPT) arranged for printing some leaflets in West Germany before mailing them to Thailand.

Police, however, yesterday did not mention the CPT's alleged involvement in the case.

The investigator, who requested anonymity, said the other arrested student, Vimol, is an ardent activist and has joined in many political affairs, often speaking in public.

Pahol was one of the key persons in the underground leaflet racket and had given very useful information for the investigation, he said.

Police are holding him for further questioning but still have not decided whether to include him in the charges filed against the other four suspects, the officer said.

Deputy Police Chief Sawaeng Thirasawat said the suspects confessed that they had taken part in the distribution of the underground leaflets. However, he declined to reveal more details about their questioning.

Pol Lt Gen Sawaeng said police had set up an investigation team led by Pol Maj Gen Viroj Pao-in, assistant metropolitan police commissioner, to interrogate the suspects.

Two or three senior special branch police officers also will take part in the investigation, he said.

Asked whether police would grant bail for the suspects, Sawaeng said it was premature to comment on that.

### More Arrests Expected

4200027a Bangkok THE NATION in English  
27 Jan 88 p 3

[Text] The five suspects arrested Monday with underground leaflets might not be members of the same group that previously distributed leaflets slandering the monarchy. Interior Minister Prachuab Suntrangkoon said yesterday.

Prachuab said he believed that many more people had taken part in producing the leaflets and police will arrest more suspects implicated in the affair.

Meanwhile, a Ramkhamhaeng University student activist charged that the arrest of his friend, Vimol Cherdchoochon, in connection with the case is aimed at tarnishing the image of the student movement.

Virat Kleeaysorn, an adviser to San Saeng Thong Party, one of the student groups, said Vimol was only a "scapegoat."

The activist said he did not believe that Vimol, who is lame, took part in distributing the leaflets but police arrested him to "save their own face" when they failed to locate the real culprits.

Virat, however, did not say anything about the other student, Srifa Sawangyen, who was arrested in the same case.

Authorities first found leaflets criticizing the monarchy a few days before HM the King's 60th birthday celebrations early in December.

The hunt for the masterminds began then with police and army officials joining in the investigation.

The leaflets seized from the suspects Monday were not the same as those previously distributed, according to police sources.

Some government officials had earlier said the Communist Party of Thailand may have arranged for the printing of the leaflets in West Germany and mailed them to Thailand.

Prachuab said the evidence available so far does not point to a foreign connection.

Some of the suspects are radical students who joined the communist insurgents after the 6 Oct 1976 bloodbath and the ensuing coup, he said.

Investigators yesterday took Vimol, Srifa and another suspect, Vasuthee Sukasang, to Rayong where the leaflets were presumed to have been printed.



After returning to Bangkok, police brought them to the Metropolitan Police Bureau for questioning together with Vasuthee's husband Nonviboon Sukasang.

During a break in the interrogation, Vimol told reporters that he wanted to ask human rights lawyer, Thongchai Thongpao, to defend him. But Thongchai was not available for comment last night.

A police source claimed Vasuthee and Nonviboon confessed that Vimol had asked to use their mimeograph machine to print the leaflets. Vasuthee reportedly said she has operated the machine herself.

Assistant Metropolitan Police Commissioner Viroj Pao-in said some of the suspects revealed the identity of a few more accomplices but some still denied the charges, he said.

Pol Maj Gen Viroj, chief investigator of the case, said police would arrest more suspects only when they have acquired enough evidence.

None of the suspects' family members have requested bail for them, he said.

Viroj said he would have to seek approval from the Police Department if bail requests were made.

A police source said investigators are planning to turn Pahol Promthong, who was arrested Monday with 133 underground leaflets before the other four suspects, into a state witness.

The suspect has given useful information that will enable legal action against other masterminds, he said.

The source said police are detaining the other four suspects at different places—Vimol at Chana Songkram police station, Srifa at Nang Lerng police station, Vasuthee at Samranras police station and Nonviboon at Sam Sen police station.

Somboon Chavana, president of Ramkhamhaeng University student council, said he believed that the arrests of the two students are not related to the election of new council members scheduled on 11 Feb.

Vimol is a candidate for council president under the banner of San Saeng Thong Party.

#### **Students Claim Frame-up**

42000227a Bangkok *BANGKOK POST* in English  
28 Jan 88 pp 1, 3

[Text] Ramkhamhaeng University student leaders charged yesterday that the four lese majeste suspects arrested on Monday are "scapegoats" and "victims of a police frame-up."

They also announced at a press conference that they will demand the university administrators seek the release of two Ramkhamhaeng students who are among those arrested.

The students' reaction came as Army Commander-in-Chief Gen Chavalit Yongchaiyudh spoke out in defence of the arrests, saying that the students who are trying to help their friends should be able to tell right from wrong.

"The students are making a move on this issue (calling a press conference) because their friends have done something wrong," he said.

"If there are more people like the student suspects, where would we stand?" he asked.

Gen Chavalit added that no one can do as they please or the country will fall into anarchy.

He said government officials did not want to get involved and had been restrained, but they could no longer do so.

Describing the distribution of leaflets which allegedly defame the monarchy as an act of a small group, Gen Chavalit said the whole body of students may be reacting strongly to the arrest because they are worried for their friends and want to know all the details and evidence connected with the case.

Somboon Chaowana, president of the Ramkhamhaeng University Students' Union, told reporters that the student leaders will formally request the university's rector, Thammanoon Soparat, to bail out the two Ramkhamhaeng students implicated in the case.

Mr Thammanoon said yesterday that the university could not act to help bail out the two arrested students because they had been accused of activities that could not be recognised by the university.

The decision was made at a meeting of a university council's advisory board during which the arrests were discussed.

The university has not been formally informed of the case so far and was considering the problem as a non-university affair.

The two students would have to prove their innocence in court on their own, he said.

Virat Kleekesorn, advisory chairman of Ramkhamhaeng University's San Saeng Thong student party, stressed yesterday he believes the arrested students—Wimol Cherdechoon and Miss Sifa Sawangyen—are innocent.

Mr Somboon said both Mr Wimol and Miss Sifa who are law students have a basic right to be released on bail. Moreover, the two should be temporarily released because they will have to sit for an examination soon.

Mr Virat also charged that the arrest of the lese majeste suspects was a frame-up.

He said the arrest of Mr Wimol, who was the Sarn Saeng Thong candidate in the election of the student union president, did not take place at Amporn Gardens as claimed by police.

Mr Virat claimed that Mr Wimol was taken from his Klong Chan apartment around 7 am on 25 January.

He also claimed that police refused to allow Mr Wimol to meet his lawyer and kept moving the suspect from one police station to another to prevent a visit by his friends and relatives.

He charged that the arrest was aimed at stunting the growth of the Sarn Saeng Thong party whose policy is to oppose any wrongdoing during the rule of the present government.

The party will coordinate with the Ramkhamhaeng Students' Union to seek justice for Mr Wimol and Miss Sifa and will seek help from human rights organisations to fight for their freedom, Mr Virat said.

Meanwhile, Deputy Police Chief Lt-Gen Sawaeng Thirasawasdi said yesterday he had summoned Assistant Metropolitan Administration Commissioner Maj-Gen Viraj Pao-in for a briefing on the progress of the investigation into the case.

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**Cabinet Approves Refinancing of State Debts**  
42000227c Bangkok THE NATION in English  
28 Jan 88 p 17

[Article by Adisak Limprungtoanakit: "Cabinet Endorses State Units' Debt Refinancing—Revolving Credit Sought From Bank Consortium"]

[Text] Cabinet approved an urgent Finance Ministry request Tuesday to enter a U.S.\$300-million standby credit facility offered by a consortium of international banks to refinance state debts.

Although Cabinet endorsed the urgent motion, no public announcement was made. The reasons for this were not clear, but one consideration could be the sensitivity of some politicians to what has been interpreted as a rising debt commitment.

The motion was also considered urgent because of Finance Ministry plans to use the facility to refinance the scheduled repayment of U.S.\$42.93 million on 1 February—part of a U.S.\$70-million loan obtained from the World Bank 6 years ago—by the Petroleum Authority of Thailand (PTT). The PTT loan was used to finance the development of the liquid natural gas known as condensate.

Twelve major banks led by Citicorp have agreed in principle to extend the loan facility to the Finance Ministry. A source described the facility as the best the Finance Ministry had ever obtained on the Euro Dollar market. The ministry also has an option to raise the U.S.\$300 million in U.S. dollars, Japanese yen, Swiss francs, Deutschmarks or other currencies.

The loan will be used to refinance existing external debts subject to high interest rates. Sources said the interest savings could be as much as 2.4 percent or 180 million baht.

In this complex financial arrangement, the Finance Ministry may raise the revolving credit from what are known as "backstop banks," by tendering financial institutions or by issuing Euro Commercial Paper (ECP) to foreign investors.

The ECP issues may command the lowest interest rate, followed by the tenders and the backstop banks. These credit options are available to the ministry for a period of 5 years.

Moreover, the ministry will be offered two options on the form of interest should it decide to raise the loans through backstop banks. The first is the London Interbank Offered Rate (LIBOR) plus 0.095 percent, and the other is LIBOR plus 0.055 percent. Utilization fees will be structured thus: zero for up to 33 percent of the credit facility used, 0.025 percent between 34-66 percent and 0.05 percent between 67-100 percent. Interest charged will not exceed the first of these options if the loans are raised by tender or ECP.

According to informed sources, the Cabinet was told the Finance Ministry could authorize each loan in this credit facility since none would exceed 25 percent of the outstanding debt. The government had external debts of U.S.\$10.973.1 billion at the end of fiscal 1987.

Cabinet was also informed that this type of credit facility was considered intermediary to raising loans through syndication or a Notes Issuance Facility (NEF) and was considered state-of-the-art because it meant interest was kept below LIBOR or below LIBOR plus five points.

Each loan raised in this U.S.\$300-million facility will be considered short-term, maturing from 7 days to 6 months. The ministry will also raise these loans directly from foreign investors instead of passing through financial institutions.

Among the existing loans expected to be refinanced this year are those taken out by the Electricity Generating Authority of Thailand and the Telephone Organization of Thailand.

/9604

**Key Eastern Seaboard Projects Reviewed**  
42000227f Bangkok *THE NATION* in English  
20 Jan 88 pp 1, 3

[Text] Prospects for Eastern Seaboard projects in Rayong province were given a boost yesterday when the Eastern Seaboard Committee ordered a review of Mab Ta Phud deep sea port and approved creation of a second petrochemical complex.

The committee, chaired by Prime Minister Prem Tinsulanonda, also ordered a study to make Utapao Airport in Chon Buri province an international facility to be completed within 60 days.

Dr Savit Bhotivihok, director of the Eastern Seaboard Development Office, said yesterday that the committee authorised the Port Authority of Thailand to review plans for the Mab Ta Phud industrial port, which is expected to be completed within a year.

Planning had been halted for economic reasons prior to renewed interest in expanding the area's petrochemical complex. With yesterday's decision allowing construction of new plants, the port idea returns to financial viability.

Dr Savit said once the port's new design was completed, construction could be finished within 2 years.

Cost for the revised port is estimated at about 1,700 million baht, to be spent mainly on building two sections to accommodate off-loading of solid and liquid raw materials.

Original plans were based on the assumption that it would serve several large industrial projects, including the petrochemical complex and the fertiliser project.

But once implementation of the National Fertiliser Corporation's fertiliser project became uncertain in 1986, the economic outlook for the port came into doubt, placing the plan in limbo.

The committee's decision yesterday changed all that.

They approved the master plan for a \$1.2 billion second petrochemical complex after some 50 investors expressed interest in financing the complex and had sought Board of Investment promotional privileges.

The port's review and planned construction is expected to coincide with building the second petrochemical complex, Dr Savit said.

He added that if other building projects are made in the Mab Ta Phud area, the port could be expanded to accommodate them.

On Utapao Airport, the Highways Department was instructed to study improvements in rail and road communications networks along the Eastern Seaboard to better link the region with other parts of the country, Dr Savit said.

Rail links along the Eastern Seaboard to the north, such as from Chachoengsao to Saraburi, and eight road links with Bangkok to the north will be examined.

The Irrigation Department was assigned to study construction of four more reservoirs—two in Bang Lamung and two in Si Racha, costing about 396 million baht—to have a joint capacity of 20 million cubic metres of water.

Prime Minister Prem is scheduled to lay the foundation stone of Thailand's first petrochemical complex this Saturday in Rayong.

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**Muslims Urge Government To Defuse Tension**  
BK310252 Bangkok *THE NATION* in English  
31 Jan 88 p 2

[Text] Seven Muslim groups yesterday urged the government to defuse tension arising from a policy of Yala Teachers' Training College banning its Muslim girl students from wearing traditional religious dress.

Somchai Mit-ari, a representative of the groups, said the government should prudently move to ease dissatisfaction among the Muslim communities.

"The issue could be like a ticking bomb ready to explode if nothing is done to defuse it," he said.

Islamic teaching clearly specifies that clothes for Muslim women must cover all important parts of their bodies, he said, adding the Constitution also recognizes equal rights and freedom of all religious practices.

The groups, including the Muslim Lawyers' Club, the Southern Muslim Association, Ramkhamhaeng University Muslim Student club, Muslim Students in Southern Provinces Group, Thai Muslim Students Association, Young Muslim Students of Thailand Association and Siam Muslim Club, called a press conference yesterday to reiterate their position on the issue.

The groups said their protest has been made purely on religious basis with no political motive.

Conflicts over the student dress code occurred at the southern college when female students wearing the traditional outfits were barred from attending classes.

## POLITICAL

### Cooperation With Soviets in Vocational Education

42090102A Hanoi DAI HOC VA TRUNG HOC

CHUYEN NGHIEP in Vietnamese

No 8, Aug 87 pp 14-15

[Article by Pham Tan of the Student Recruitment and Management Department: "Vietnamese-Soviet Cooperation in the Sphere of Vocational Education"]

[Text] In recent years, in addition to cooperation in training scientific-technical cadres we have cooperated with the Soviet Union in the sphere of vocational education.

In that sphere, we have received effective assistance from the Soviet Union in many regards.

Beginning during the first years after the North of our country undertook the building of socialism, the Soviet Union agreed to train technical workers for us, including the training of new workers and the receiving of complete groups of on-the-job workers at its vocational schools and production installations. Since then, every year thousands of Vietnamese youths have been sent to study trades in the Soviet Union. In the process of studying in a fraternal country, Vietnamese and Soviet students have lived together in dormitories, and our friends have provided the Vietnamese students with conditions for vocational training, food and housing, and spiritual and material living conditions. Our students have been trained in accordance with a complete program and have been educated in communism, the communist work style, and the working people's consciousness of discipline. Especially, the leadership cadres, the theory teachers, and the senior craftsmen in the vocational schools have diligently provided them, vocational guidance, so they have matured rapidly.

Over a 20-year period (1966-1986) a total of 13,000 of our youths went to the Soviet Union for vocational guidance in all basic sectors and trades of our country's economy.

The graduates who have returned to Vietnam have been present at many of the nation's construction sites, especially such large sites as the Thang Long Bridge, the Hoa Binh and Tri An hydroelectricity sites, etc. In general, they have been effective workers and have matured. Many of them have become high-level skilled cadres or supervisory cadres who have been admitted to the Vietnam Communist Party and have been elected Warriors of Emulation at all levels.

In addition to assisting us in training skilled technical workers, the Soviet Union has helped us train vocational instructors and has provided supplementary training for management cadres.

To date 746 people have been trained in vocational instructors' schools in the Soviet Union. They are now serving as instructors and supervisors in the vocational schools and have had a good effect. Many have become key instructors who are serving in positions of authority, from assistant directors of training departments to principals of the vocational schools.

Prior to 1980, hundreds of our school principals and assistant principals have been trained in management at the Advanced Training Institute of the Vocational Training Commission of the Soviet Union. Since 1981, every year 60 people have been sent to take advanced training at that institute. They are leadership cadres of the specialized education departments, cadres in charge, vocational education specialists of the central organs, and heads of advanced vocational schools. It may be said that there is no locality or sector in our country which trains technical workers which does not have leadership cadres and management cadres who have attended such advanced training classes. Therefore, the good experiences in vocational education in the Soviet Union have been applied effectively in our vocational education.

That is not all the assistance our friends have provided. From the beginning of the 1970's before our country was completely liberated, and when the North had to retaliate against the war of destruction waged by the air force of the U.S. imperialists, the Soviet Union assisted us with regard to equipment and specialists so that we could build vocational schools, train vocational instructors, and create conditions for us to train high-quality workers for the nation. The first vocational schools completely equipped by the Soviet Union were the Machinery Technical Workers of the Ministry of National Defense, the Vietnam-Soviet Construction Machinery Workers School of the Ministry of Construction, the Vietnam-Soviet Friendship Mine Workers School of the Ministry of Energy, and the Agricultural Machinery Workers School of the Ministry of Agriculture and Food Industry. Those were the first workers schools in our country to be modernly equipped, with all kinds of facilities for theoretical study and machinery and equipment for vocational practice by the students. Over a period of nearly 10 years, every year those schools have trained for the sectors more than 1,000 workers at skill levels between 3 and 7, thus contributing to the nation's vocational training.

Since 1980 the Soviet Union has continued to help us reequip three technical teachers schools. They are the Technical Teachers School No 2 in Nam Dinh, Technical Teachers School No 3 in Vinh, and Technical Teachers School No 4 in Cuu Long Province. The Soviet Union has also helped us completely equip Technical Teachers School No 5 at Thu Duc. Those schools have modern equipment with which to train high-quality vocational education instructors.

In addition, the Soviet Union has provided complete equipment for two local vocational schools, the Nguyen Van Troi Technical Workers School in Quang Nam-Da Nang and the Ly Tu Trong Vocational Middle School in Ho Chi Minh City.



In addition to providing assistance with regard to equipment, the Soviet Union has sent hundreds of technicians to install it, as well as specialists to help us in vocational education.

Thus in recent years, with the all-out assistance of the people of the Soviet Union, in all parts of our country have dozens of additional installations for facilities for training technical workers and vocational instructors that are fully equipped and ensure the improvement of training quality. The cadres, instructors, workers, personnel, and students of the schools have sincerely accepted the assistance of the Soviet specialists, while also thinking and exploring in order to do a good job of applying the experiences of the Soviet Union the circumstances of our country. They have sought ways to improve the irrationalities, make the necessary supplementations to fulfill our requirements, and enable vocational training in those schools to become increasingly complete.

In future years, in accordance with an agreement between our government and the government of the Soviet Union, the Vietnamese vocational education sector will continue to receive the assistance of the Soviet Union with regard to the training of technical workers and vocational instructors, and the advanced training of management cadres. At the same time, the Soviet Union will also equip a number of sector and local vocational schools: the Geology Technical Workers school, the Central Forestry Workers School, the Communications-Transportation Machinery Workers School, the Cuu Long Province Technical Workers School, the Hanoi Electrical Machinery Workers School, etc. Those schools have passed through the phases of drafting economic-technical justifications and are building buildings and workshops to receive equipment from our friends in future years.

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**Economic, Scientific Meeting With USSR Opens**  
*BK271342 Hanoi International Service in English*  
1000 GMT 27 Jan 88

[Text] The 13th session of the SRV-USSR Inter-governmental Commission for Economic, Scientific, and Technological Cooperation was opened in Ho Chi Minh City on Monday [25 January]. At the session, the two sides checked and readjusted the signed agreements with a view to guarantee their effective implementation. The two sides will sign an agreement to ensure a higher capacity of all projects built with Soviet assistance and an agreement on cooperation in ship repairing and building.

**Pham Hung, Soviets at Tri An Power Plant**  
*BK251133 Hanoi International Service in English*  
1000 GMT 25 Jan 88

[From feature: "News About Vietnam"]

[Text] A ceremony to operate the Machine Unit No. 1 which begins to add electricity to the national grid was held at the Tri An Hydroelectric Power Plant on Monday

[25 January]. The plant, being built with Soviet assistance, is the biggest one in southern Vietnam. Present at the ceremony were Pham Hung, Political Bureau member of the Communist Party of Vietnam Central Committee and chairman of the Council of Ministers; Dong Sy Nguyen, Political Bureau member of the party Central Committee and vice chairman of the Council of Ministers; and other high-ranking leaders. Also present were Mr V. Gusev, vice chairman of the Council of Ministers of the USSR and head of the visiting Soviet Government delegation, and Mr I. Kachin, Soviet ambassador to Vietnam.

Addressing the ceremony, Mr Gusev said: The putting into operation of the first generator of the Tri An Hydroelectric Power Plant is a new eloquent manifestation of the cooperation between the Soviet Union and Vietnam.

The Tri An plant has four generators with a total design capacity of 420,000 kw. According to plan, the second and the third generators will be put into operation later this year.

**Pham Hung Visits Dong Thap Province**  
*BK160610 Hanoi Domestic Service in Vietnamese*  
0500 GMT 15 Jan 88

[Text] Chairman of the Council of Ministers Pham Hung recently visited Thap Muoi District in Dong Thap Province. Comrades Nguyen Tu Huu, Dong Thap Provincial Party Committee secretary, and Nguyen Van Hai, Thap Muoi District Party Committee secretary, accompanied Chairman Pham Hung to the former base during the anti-French resistance period in the middle of Dong Thap Muoi where some 40 years ago, Chairman Pham Hung lived and participated in leading the glorious resistance struggle for 9 years.

During that period, the people of Dong Thap Muoi brought into full play the famous tradition of their forefathers saying: Once the enemies enter here, they must die here. In Kinh III [Roman three] area of 4th hamlet, Tan Chieu village, the chairman emotionally met and talked with the family of Mr. Hai Du who formerly served as an agent to help the leading organ of the anti-French resistance movement in Nam Bo.

During the exchange of views with local cadres aboard the motor boat sailing along the Tam Ngan canal, as well as during conversations with common people, Comrade Pham Hung and all the people recalled their memories of the days of dangerous and hard yet courageous resistance against France then the United States, and happily remarked the great changes in the local people's life.

The former wild area of Dong Thap Muoi is now crossed by many canals channelling fresh water into the area to wash the brackish and saline ricefields, turning hundreds of thousands of virgin land or monocrop ricefields yielding less than one tonne of rice per hectare into



two-crop and three-crop ricefields yielding consistently 4 or 5 tonnes of rice per hectare in each of the winter-spring and summer-fall crop seasons. A road—long a dream of the people—now links National Highway No. 4 to Dong Thap capital town and various district towns. The dirt and paved roads from Thap Muoi district town to various villages and hamlets along canals have begun to bustle. There are schools, health stations, trade stores, or marketing cooperatives in nearly all these hamlets and villages. Some of the villages close to district towns have been electrified.

Although the living standard of the local people is still low and their cultural amenities still modest, they have been considerably improved. Working at the Thap Muoi District Party Committee, Chairman Pham Hung was happy to know that in 1987 the district achieved a per capita grain production of one tonne of rice or more. After due deduction of production costs, taxes, and other contributions to collective funds, farmers' households are entitled to about half of their production volume.

The chairman attentively listened to a report on the district plan to continually accelerate the improvement of irrigation, expand the two- and three-crop ricefields, develop the fields of subsidiary food crops, and grow such industrial crops as mint, pepper, cashew nut, sugarcane, and pineapple, and special high-yield rice for export and domestic use. Glutted rice can yield very high up to 7 tonnes per hectare if a new strain of seed is sown.

Speaking to the cadres and people in Dong Thap Muoi on the occasion of the New Year, Chairman Pham Hung expressed his feelings at being able to meet his compatriots and comrades after 40 years of separation. He said: The Thap Muoi area has changed much. This is the result of sacrifices endured by all our people during the two resistance struggles, first against France and then against the United States, and in socialist construction under the party leadership.

Although the living conditions of Thap Muoi people have improved, they still remain poor and difficult. We must struggle to further improve the people's livelihood in the coming five years and to create a definite change in the next 10 years. He urged the local people to better improve irrigation of ricefields to bring into full play the effect of major water conservancy projects and main canals. Attention should be paid to selecting those production projects having high economic results, consolidating party and mass organizations, opposing negativism, and promoting the right to mastery of the masses.

Chairman Pham Hung wished that cadres and people in Thap Muoi District and Dong Thap Province as a whole would singlemindedly surge forward to score new achievements and successfully implement the 1988 State Plan.

## ECONOMIC

### Kampuchean Occupation Seen Barrier to Western Investment

46200013 Munich SUEDEDEUTSCHE ZEITUNG in German 16 Jan 88 p 11

[Article by Verena Stern: "Foreign Capital to Ease Desperate Situation"/ Vietnam's New Economic Course/ But Western Industrial Nations Will Hardly Invest as Long as Kampuchea is Occupied]

[Text] Buyers of the Vietnamese Communist Party newspaper NHAN DAN (The People) hardly believed their eyes when last May, in a front-page column, they read disclosures which at best were rumored about in private circles. Under the caption, "What Must be Changed Immediately," the author under the signature "Comrade N.V.L." openly named names and facts. In the series of articles subsequently appearing regularly, the readers learned which party bigwigs drive expensive foreign limousines; why fishermen must pay four times the regular price for diesel fuel for their boat motors; which officials abuse their position and shamelessly enrich themselves through corruption; who is responsible that 300 tons of garlic bulbs destined for export rotted away; and which tax official is involved in a sex scandal.

No one was spared. Exposed were Major General Nguyen Truong Xuan, commander of the region surrounding the largest port city, Haiphong, and 20 accomplices who had sold on the black market imported "strategically important goods" and had embezzled hundreds of thousands of dollars of the military budget. Meanwhile they have been sentenced to 20 years in prison. The deputy director of the state commission for science and technology, Duong Hong Dat, and two other members of the commission as well as two Vietnamese diplomats were fired on the spot after the columnist had described how they had smuggled goods into the country from their trips abroad.

At the writers' congress in Hanoi in September, the author of the disclosures then revealed himself. He had neither journalistic nor literary ambitions, declared Nguyen Van Linh, he only had the itch to "finally get something moving." The 72-year-old, delicate Linh, appointed party chief in December 1986, had to admit, however, that his column had caused rather violent criticism in comrades' circles, since in it he had "blackened the regime." And that was probably his intention, since Nguyen Van Linh had assumed his office with the promise to "renovate" the system in order to get Vietnam's bankrupt economy going again. For the current 5-year plan to 1990, he had set three priorities: sufficient foodstuff production, consumer goods production largely satisfying demand, and export revenues to cover the costs of necessary imports.

### Up to Ten Private Employees

Aim was taken at these goals with a number of new laws and directives. Farmers, who under a "contractual system" introduced years ago are allowed to sell their surplus harvests on the free market, were offered three tax-free years for the cultivation of new arable land. The yield of a third harvest in 1 year (two harvests are usual) was also permitted to be sold on the free market. To better supply the country, dozens of overland road blocks were dismantled, which had not only delayed transports but had also made the goods more expensive, since the controllers demanded high monetary bribes for free passage.

Private entrepreneurs producing consumer goods in "family enterprises" and offering services were again permitted. They were assured of state loans and one tax-free year and may employ up to 10 workers. State enterprises were given the right to establish their own production goals and to introduce an appropriate wage-cost system. On the other hand, they could no longer count on state subsidies and had themselves to be responsible for their profits and losses and, in case of insufficient profitability, had to face a possible shut-down. As a countermeasure, their profits no longer had to be turned in to the state coffers. With these profits, the company managers could themselves procure the necessary raw materials and other production materials on the free market. Greater economic autonomy was also granted to provincial administrations who are permitted to establish their own export-import agencies, sell their own products abroad, and import raw materials, spare parts and consumer goods with the foreign exchange earned by them.

### More People, Less Rice

All that sounded very promising. But one year after taking office, party chief Nguyen Van Linh painted an even darker economic picture in mid-December before the plenum of the Central Committee. Nothing had changed for the better. Rather the contrary. Grain production, which in 1986 already had a shortfall of 1.5 million tons, dropped in 1987 by an additional 500,000 tons. In 1983, Vietnam for the first time was able to feed its population out of their own production. But because of the unbridled population growth, almost 1.5 million additional people must be fed per year. Tornadoes, floods, but also the lack of fertilizers and pesticides have impaired the harvests since then. In 1985, foodstuff production per capita still came to 304 kg; last year, it was only 280 kg.

Despite financial incentives, no new land was cultivated, and the farmers felt no need for greater harvest efforts. They earn much more than civil servants, employees, and industrial workers, anyway, and cannot buy anything with their savings, since consumer goods continue to be scarce. True, industrial production rose by 6.7

percent last year. Yet Vo Van Kiet, deputy prime minister and chairman of the economic planning commission, had to admit that the quality of most products had dropped further.

And everything has become much more expensive. Despite abolition of the time-consuming roadblocks, supply bottlenecks occurred, particularly in the north of the country, because poor roads and obsolete trucks constantly breaking down impeded the transport and distribution of goods. Inflation, which had reached a dizzying 700 percent by the end of 1986, came to as high as 1,000 percent in the past year. Prime Minister Bham Hung, after the meeting of the Central Committee, admitted at the ensuing session of the National Assembly: "So far, new political and economic measures have not brought positive changes. Distribution isn't working, prices rise continually, and the life of the working population has become even more difficult."

### Resistance by Old Functionaries

Party chief Nguyen Van Linh attributed the fault for the desperate economic situation evenly to the members of the Politburo, the Central Committee, and the Council of Ministers. Says Linh: "There are conflicting opinions within these bodies on certain economic problems; therefore, we must finally reach majority votes." What this remark means when spelled out, was explained by a younger party member: "The old guard, removed in December 1986 from the Politburo (among them ex-president and party chief Truong Chinh, ex-prime minister Bham Van Dong, and party ideologist Le Duc Tho), through their contact people still tries to make its influence felt and to block fundamental economic changes. But it appears that there is also obstruction from mid-level party functionaries feeling their loss of influence due to reforms, and from bureaucrats, after Linh had ordered a one-third reduction of the swollen bureaucratic apparatus and the transfer of "paper shufflers" to production posts (where no bribery money is to be had and pocketed).

### Foreign Managers Welcome

Nevertheless, Nguyen Van Linh is determined to continue his "renovation" (the word "reform" is not used officially). He wants to make up for "mistakes in economic planning of the past decade" by wooing foreign capital, foreign technology and foreign management. For this reason the National Assembly at the end of December enacted a law on foreign investment which officially came into force this Monday, containing the probably most liberal regulations in a socialist country. Under this law, foreign investors can establish enterprises which remain fully under foreign ownership, or can go into joint ventures with Vietnamese, in which the foreign capital share may amount to a minimum of 30 percent or a maximum of 99 percent. All investment projects may be directed by foreign managers. The 42 articles of the new law protect against "expropriation and confiscation

of the investment capital as well as nationalization of the enterprise before expiration of the contract," grant a 2-year tax exemption, and guarantee full repatriation of all profits. Desired are work-intensive and export-oriented enterprises as well as companies processing raw materials existing in Vietnam. Only in the defense, national security and public services sectors are foreigners not permitted to invest.

Since the invitation is aimed at investors from socialist and capitalist countries (whereby the latter are preferred), there exist justified doubts whether the new liberality will contribute to solve Vietnam's desperate economic situation. As long as Hanoi keeps its troops in neighboring Kampuchea, the country is being boycotted by the Western industrial nations. The next negotiations between the leader of the Kampuchean counter-government, Prince Sihanouk, and the representative of the government in Phnom Penh installed by Vietnam, Prime Minister Hun Sen, will show whether party chief Linh—like his Soviet colleague Gorbachev in the case of Afghanistan—is also willing to close a "bleeding wound" in the economic interest of his people. The two opponents intend to meet again in France in the coming week.

9917

#### Thai Trade Policy Toward Country Seen Ambivalent, Self-defeating

42000226a Bangkok *THE NATION* in English  
18 Jan 88 p 4

[Article by Kavi Chongkittavorn; first paragraph introduction]

[Text] For years, Thai businessmen have frequented both Hanoi and Ho Chi Minh City trying vigorously to be first to do business there and competing alongside other foreign investors. Kavi Chongkittavorn delves into their frustrations with the Thai government's ambiguous trading policy toward Vietnam.

The Thai private sector, wanting to do business with Vietnam, has rushed to trade and form joint ventures with Vietnam despite the Thai government's apprehension.

Local businessmen, ranging from former military leaders to student activists, as well as a senior foreign ministry official, have made business deals at their own risk with the Vietnamese in the past year.

The Vietnamese embassy said 1987 was an extraordinary year as a large number of Thai traders visited Vietnam in search of trading opportunities.

Politically, Thailand and Vietnam are at odds because of the latter's occupation of Kampuchea. Numerous border skirmishes in recent years also helped fan the Thai fear of Vietnamese aggression.

But as far as trade is concerned, the private sectors in both Thailand and Vietnam have maintained close contacts. At present, there is a joint venture on shrimp culture farming outside Ho Chi Minh City, a pending joint venture on orchid nursing and a fishing joint venture.

Last year, Thailand suffered a trade deficit of 8.8 million baht against a surplus of 28.4 in 1986. Thai exports to Vietnam last year totaled 36.7 million baht while Vietnamese exports were worth about 45.5 million baht. Major Vietnamese exports to Thailand are iron sheet, coal, raw shrimp, and rawhide.

At present, there are two major business groups that have established close business links with Vietnam. The first group is led by former deputy Foreign Minister Wong Phonnikorn; the other is led by Vicharn Sirichai-ek-kawat, president of the Overseas Fishing Association of Thailand.

Wong's group has already entered into a joint venture on shrimp culture, while Vicharn's group agreed in principle to being a fishing joint venture—which has become the focus of controversy.

Vicharn recently wrote a letter to Foreign Minister Siddhi Savetsila for clarification of the government's policy on fishing joint ventures with Vietnam.

As a matter of principle, fishing cooperation with Vietnam is not allowed under the government's policy to isolate Hanoi economically. However, the Foreign Ministry has tolerated such undertaking as long as the cooperation does not provide Vietnam with technological know-how or long-term credit.

The ministry would only step in if Thai-Vietnamese business activities jeopardized national security, according to M.R. Dhep Devakul, director general of Foreign Ministry's Political Affairs Department.

However, this explanation is not sufficient to override private sector's anxiety in wanting government blessing for their business deals with Vietnam.

They complained that without the government's help, they are not prepared to compete with other key Vietnamese trade partners, such as Japan, Hong Kong, India, and France. Given the geographical proximity and well-known Thai products, Thailand is in the position to expand trade relations with Vietnam.

It is an open secret that within the government there has not been a consensus as far as the trade policy with Vietnam is concerned.

The National Security Council (NSC) continues to oppose any direct trade with Vietnam, particularly on the government-to-government level. They contend that economic ties with Vietnam could be used to serve political purposes in its dealing with Thailand.

Among senior Foreign Ministry officials, there are two main groups. The first group calls for limited official trade relations with Vietnam to an extent that it does not harm Thailand's endeavour to bring a political end to the Vietnamese occupation of Kampuchea.

The second group more or less shares the same line of thinking with the NSC: It sees Vietnam as a permanent enemy that Thailand, along with international community, must continue to isolate from the world.

Nonetheless, in private, policy makers in the Foreign Ministry are ready to adopt a more flexible posture against Vietnam if they conclude that Hanoi is serious about its proposed troop withdrawal from Kampuchea and about forging closer relations with Thailand.

A senior foreign ministry official said it is hard for the government to initiate a dialogue with Vietnam on fishing cooperation when hundreds of Thai fishermen are still inside Vietnamese jails. Thailand has time and again urged Vietnam to release all Thai fishermen and trawlers as a goodwill gesture.

Each year several hundred Thai fishermen are stranded inside Vietnamese territorial waters, which is rich in marine resources. Last year more than 500 fishermen were released after paying a hefty fine.

Like it or not, without the government's support, local businessmen will continue to trade with Vietnam through Singapore, which has enjoyed no-nonsense trade with Vietnam despite its harsh stand on Vietnam. Some Thai companies have cooperated with Singapore's businessmen to set up offices in the island to export Thai consumer products to Vietnam to avoid the government's hassling.

Sooner or later, with such a vast potential market in Vietnam, not only Thai businessmen, but also those from other countries, will seek Vietnamese markets.

The private sector should have the freedom to trade with Vietnam—with some government blessing for a change—if there is no tangible evidence to suggest that doing so would endanger Thailand's national interest.

### Foreign Investors, Capital Sought on Road to Recovery

420002266 Bangkok *THE NATION* in English  
20 Jan 88 p 25

[Article by Peter Mytri Ungphakorn]

[Text] When Nguyen Xuan Oanh introduced to Bangkok-based journalists the newly-passed Vietnamese investment law, he was quizzed repeatedly on what exactly Vietnam can offer foreign investors.

The economic adviser to the Hanoi government, and apparent special envoy assigned to arouse foreign interest in the Vietnamese economy, suggested: cheap and skilled labour, plentiful natural resources, a tropical climate, and a stable government.

But he also disclosed more details of other aspects of Vietnamese economic reform, including discussions with the International Monetary Fund (IMF) for a "sizeable" loan from the new Structural Adjustment Fund and assistance in rationalizing Vietnam's multiple exchange rates.

Economic reform in Vietnam has been discussed publicly for several months now, particularly since younger leaders took over in Hanoi just over a year ago. First indications that there would be a new investment code date back at last to April of last year.

Rampant inflation, reported not long ago at between 700 and 1,000 per cent annually, unemployment and the burden of keeping more than 100,000 troops in Kampuchea are among the most serious problems. Aid from the Soviet Union is apparently insufficient to solve these.

Asked whether the reforms constitute a conversion to capitalism, Oanh said: "We will take everything that we think is good from the capitalist side and leave out what is not good. We have no qualms about it."

But he added that Vietnam's laws must not be broken and "the fabric of society must not alter".

Oanh said preparations for the new investment code began four years ago. This was before the change of leadership and therefore indicated the continuity of government policy, he said.

But it is widely believed that the impetus towards reform was made possible by the new leaders, particularly Nguyen Van Linh, the party secretary general, and Nguyen Co Thach, the foreign minister who was a member of the old government but is regarded as a liberal. In his Press conference on Monday, Oanh described Thach as such and said the foreign minister is a strong advocate of increasing foreign investment.



Now that the investment code is in force—the National Assembly passed it on December 29 and the Council of State promulgated it on January 1—efforts have been turned to a publicity campaign outside Vietnam.

Monday's Bangkok Press conference was probably the first in a series. Qanh is also going to Singapore, Australia, Japan, Taiwan and the United States.

"I think this marks a turning point in our restructuring," he said.

The IMF is to help settle Vietnam's "mess of foreign exchange rates". A "viable" and "relatively free" exchange rate would put Vietnam in a better position to trade and allow the government to cut subsidies and its budget deficit, he said.

Although ideally there should only be one exchange rate, Qanh indicated that the new system, which could be introduced within the next two months, could allow the dong two exchange rates. He did not say how the two rates would be different.

Following recent discussions with IMF officials, the two sides are now working separately, he said. The Vietnamese are working on proposals for specific actions, the IMF on "viable" exchange rates that will allow Vietnam appropriate buying power in comparison with other countries.

Prices and wages will be reined in, prices allowed to find their own levels with "some guidance", while wages are simpler to retrain in Vietnam's political system, Qanh said.

Economic stability is a prerequisite for development, he added.

He was unusually frank, blaming the deployment of troops in Kampuchea for inflation, and arguing that the labour force in the southern provinces is highly skilled because the former South Vietnam "has remnants of a capitalist economy."

On the occupation of Kampuchea: "The army is nonproductive [economically]. It is in our interests to withdraw," he said. But he stressed the Vietnamese view that the presence in Kampuchea is necessary for self defence in order to prevent a repeat of the massacre of "thousands of our innocent people" by the Khmer Rouge.

Keeping an army for "friendly nations" is always very costly, he went on, and Vietnam's finances have been drained to the extent that it now wants to withdraw. When that happens, "we would like to push economic reform more". It would give more strength to the economy "so that we can perform better in general".

But he would not put figure on the cost of Vietnamese troops in Kampuchea.

The new investment code allows wholly-owned foreign companies or joint ventures in partnership with Vietnamese "juridical persons"—entities such as companies, collectives, cooperatives, family businesses, but not individuals—to invest in major economic programmes, production for export or import substitution, high technology industries, labour intensive production using local resources, and foreign currency-earning services such as tourism, ship repair, airports and seaports.

The impression given by the code is that the opportunities are unlimited. There are no restrictions on the amount of foreign capital, the type of business, the ability to repatriate profits. Investment is protected against requisitioning, confiscation or nationalization.

Expatriates can be employed provided local skills are not available, but joint ventures must have a Vietnam chief of deputy chief executive. Foreign employers would have the right to hire and fire local staff, subject to Vietnam laws that include an arbitration process, Qanh said.

Vietnam's minimum wage law might even be waived for foreign investment, he said, and there will be no maximum wage.

But projects needs government approval, and it remains to be seen how efficiently this process works. Qanh indicated that local governing committees would handle applications, and that the process would be "one-stop", not involving other government agencies.

These state organs are "to consider and approve business cooperation and joint venture contracts", and "to monitor and control" businesses with foreign investment.

In response to questioning, Qanh said monitoring and control would be more concerned with auditing accounts than policing the programme.

Corporate income tax at 15-25 per cent is charged on earned profits with exemptions or reductions in special cases. Qanh indicated the concessions would apply to investments in remote areas or in special sectors such as the timber industry, but would not be the norm.

Qanh was vague on possible Thai participation and whether he made contacts with officials or businessmen in Bangkok. He suggested seafood caught by the Vietnamese and processed in Thailand or by Thais might be "the perfect division of labour" because Thailand has "exhausted" its capacity to catch while being "a step ahead" in processing technology.

Asked about the possibility of fishing joint ventures, Qanh said the idea is acceptable provided there is some production sharing.

There are a few Thai investors in Vietnam already, he said, but he was not at liberty to be specific.



Some months ago foreign companies were reported to have started a "quiet scramble" to invest in Vietnam. The Japanese are said to be leading the field selling vehicles, steel pipes, televisions, and textile materials, while buying sea products, wood, anthracite, scrap iron and farm products.

South Korea has also become a major trading partner, buying anthracite and logs, and assembling and selling television in Ho Chi Minh City—but through dollar shops.

Singaporean companies have supplied food processing equipment and participated in Vietnam's shipyard and oil industries.

As further indication of foreign interest in Vietnam, Qanh said agreement has virtually been reached with Alcatel, the French telecommunications company, for assembly and installation of a new telephone network.

He would not reveal any details of cost or the type of work other than to say completion is due in six to eight months and some technology transfer will be involved. Assembly lines are planned in Hanoi and Ho Chi Minh City, he said.

He referred to this project also as an indication of Vietnam's drive to improve its infrastructure, in which boosts to electricity generation through hydro- and thermal-plants are being introduced.

08662

### **Industrial Projects Planned With Spanish Cooperation**

334800566 Madrid *TIEMPO* in Spanish 18 Jan 88 p 72

[Text] Several Spanish firms may be awarded contracts to carry out industrial projects included in the recently approved 5-year plan of the Socialist Republic of Vietnam.

This possibility is a consequence of the recent creation in that Southeast Asian nation of the mixed enterprise known as Tracom Vietnam. The Vietnamese Government owns 60 percent of the capital, and the Spanish firm Tracom 86, headed by Antonio Calleja, owns 40 percent.

This entity, the first mixed enterprise to be established in Vietnam, will be in charge of channeling foreign investment, preferably European, into that country. The amount of investment to be controlled by Tracom Vietnam during the execution of the 5-year plan will total around \$2 billion, or 220 billion pesetas. The Spaniards who are leading the new corporation, Antonio Calleja and entrepreneur Martin Sierra, want to ensure that the largest possible share of the contracts is signed with Spanish firms.

With this goal in mind, the directors of Tracom Vietnam have begun the initial contacts with private Spanish firms and with representatives of the National Institute of Industry.

Among the priority projects that have been outlined by the Vietnamese authorities are several which are of interest to some Spanish companies. One of them is the expansion of the Saigon Petro oil refinery, which could be carried out by the engineering firm Técnicas Reunidas. This company may also participate in the construction of a lubricants plant.

### **Trains, Trucks, and Ships**

Another project that has been given top priority in the aforementioned Vietnamese investment plan is the program to build the necessary railroad infrastructure, which was destroyed in the last war suffered by the country. Specifically, Vietnamese officials want to install a plant for the assembly and manufacture of railroad cars, with a capacity for 12,000 cars a year. The public enterprise INRAIL and the private firm Construcciones y Auxiliar de Ferrocarriles (CAF) may be interested in this project. In the automotive sector, the Vietnamese are focusing on the construction of an auto assembly plant, which would follow the importation of an initial shipment of 500 engines and chassis this year for experimental assembly. For this project, Tracom officials have already signed a contract with the National Motor Truck Enterprise (ENASA).

Tracom Vietnam will also be expected to meet the Vietnamese demand for ships: several vessels will be purchased, including a 10,000-ton oil tanker and some 5,000-ton cargo ships. In addition, it will be in charge of the installation of a shipyard in the country. In this connection, the directors of the corporation will establish contacts with officials of the Naval Construction Division of the National Institute of Industry.

The initial contacts with these firms will be resumed when a Spanish delegation made up of officials from these companies visits the Southeast Asian nation at the end of this month. On this trip, organized by Tracom Vietnam, the delegation will be received by the economic authorities of the Socialist Republic of Vietnam.

08926

### **Ministry Holds Conference on 10th-Month Grain**

BA180510 Hanoi Domestic Service in Vietnamese 1100 GMT 16 Jan 88

[Text] The Ministry of Agriculture and Food Industry on 16 January held a conference with agricultural and financial cadres of Ha Bac, Hai Hung, Thai Binh, Ha Son Binh, Ha Nam Ninh, Thanh Hoa, and Nghe Tinh Provinces and Hanoi municipality and cadres of other

sectors to discuss measures to satisfactorily fulfill the 10th-month rice obligation plan norms and quickly deliver rice to the state and Hanoi.

The Ministry of Agriculture and Food Industry reported that as of 31 December 1987, northern provinces had procured almost 500,000 tonnes of 10th-month grain. Ha Nam Ninh Province procured 75,000 tonnes or 88.2% of plan norm; Thai Binh, more than 40,000 tonnes or 80% of plan norm; Hai Hung 62,000 tonnes or 77.5%; Ha Son Binh, 36,000 tonnes or 62%; Ha Bac, almost 20,000 tonnes or 39%; Thanh Hoa, 71,000 tonnes or 75%; Nghe Tinh, 49,000 tonnes or 65%.

Generally speaking, difficulty still prevails in the grain obligation task. Various localities are striving to fulfill their grain obligation plan norms as soon as possible. They have also tried to quickly deliver rice to the central government, thus helping stabilize prices in January. Hai Hung Province delivered 2,000 tonnes of rice; Thai Binh, 2,000 tonnes; Ha Nam Ninh, 3,000 tonnes; Ha Son Binh, 700 tonnes; and Thanh Hoa, 2,000 tonnes. Nghia Binh Province, although experienced losses to the local people's life and property due to recent typhoons and floods, is making great effort to deliver 2,000 tonnes of rice to the state. It has procured 400 tonnes in its first delivery. The southern provinces are also making great effort to procure and deliver rice to the north.

#### **Produce Export-Import Corporation Improves Performance**

42090103c Hanoi QUAN DOI NHAN DAN in Vietnamese 10 Jan 88 p 1

[Article by Tran Anh Thai: "In 1987 Produce Export-Import Corporation No 1 Renovates Purchasing and Shipping-Receiving Modes, Reduces Spoilage Rate, Saves 100 Million Dong"]

[Text] From the beginning of 1987, in many places many difficulties were encountered in growing and developing vegetables and fruit for export. The weather was unfavorable, there was prolonged drought, and there was rain during the sowing period. The volume of materials supplied for the production of vegetables and fruit for export fell short of the requirements. Changes with regard to prices and the shortage of transportation facilities also created considerable difficulties for the exporting of fresh vegetables and fruit.

Even so, in 1987 Produce Export-Import Corporation No 1 began to renovate its working methods and to consolidate and streamline the vertical sectors. It reorganized its cadres and assigned specific responsibilities to each group and unit. The corporation changed its cargo shipping-receiving location at the port of Hai Phong and shifted over to receiving goods at the production installations. During the harvest seasons the corporation sent cadres to closely monitor the local situation, organize the state purchasing of commodities, and carry out on-the-spot quality inspections. The weighing and

packaging of produce for export were also carried out locally. Cadres were assigned inspection and supervision responsibilities. The corporation implemented a system of contracting to purchasing cadres, on the basis of exercising strict management in the purchasing of commodities and clearly delineating responsibility for each product.

Due to the renovation of its purchasing mode, in 1987 Produce Export-Import Corporation No 1 surpassed its annual plan by 7 percent, which represented an increase of 13.7 percent over 1986. Potato purchases amounted to 15,900 tons, which surpassed the plan by 3,900 tons. Onion purchases amounted to 1,660 tons, which surpassed the plan by 60 tons, and 8,700 tons of fresh vegetables were purchased. Canned goods amounted to 830 tons and the purchasing of frozen goods broke the record: 1,447 tons. A number of provinces had high productivity. For example, Hai Hung attained 8,000 tons, Thai Binh attained 5,000 tons, Hai Hung attained more than 4,000 tons, etc. The quality of export goods improved by at least 2 percent in comparison to previous years and the spoilage rate declined by more than 2 percent. Especially, due to the renovation of the purchasing and transportation modes, in 1987 the corporation saved more than 100 million dong for the state.

5616

#### **Maritime Products Output, Exports Increase**

42090103A Hanoi QUAN DOI NHAN DAN in Vietnamese 11 Jan 88 p 1

[Article by Viet An: "In 1987, Total Maritime Products Output Increased 5.56 Percent, Export Value Index Increased 22.56 Percent"]

[Text] According to the Maritime Products Ministry, in 1987 the total aquatic products output increased by 5.56 percent over 1986, the output of cultivated aquatic products increased 3.43 percent, and the cultivated shrimp output accounted to 25 to 30 percent of the total volume of shrimp exported. The volume of maritime products purchased by the state increased 2.37 percent. The export value index increased 22.56 percent.

Last year the maritime products sector continued to affirm its working method, more deeply and more extensively, in order to promote production and commerce and attain the grain-food products and export goods goals of the party's economic program. Its planning was improved, it organized production and investment structures which emphasized service to two major programs, food and exports, and it overcame problems in production and circulation within its sphere of responsibility. The state units were permitted to engage in joint production-commerce and began to reorganize the service network at the fishing grounds, protect and develop sources of shrimp, develop the form of joint operations with regard to aquatic products at the district level, balance the material conditions, and pay attention to developing

the right of autonomy of the basic units and localities in production and commerce. The production units are allowed to market products in accordance with the requirements of their customers. The sector's inspection work has been made more timely and clear conclusions have been reached concerning deficiencies so that production and commercial activities may develop stably. Guidance circulars have been issued concerning the reform and consolidation of production relations in the fishing sector, and the aquatic products cooperative statutes were amended and supplemented so that they could be appropriate to the new situation.

However, during the past year the production development rate was slow and production still was not accompanied by the replenishing and protecting resources. The situation of competition in buying and selling maritime products, for many complicated objective and subjective reasons, was at times rather serious. There was a lack of harmony and mutual assistance in relations between the exporting-importing of aquatic products and production and commerce regarding aquatic products consumed domestically. At times services did not meet the requirements vis-a-vis the building and repair of fishing boats.

In 1988 the aquatic products sector will implement the new mechanism even more effectively, endeavor to bring about a transformation in order to do a better job of resolving the problem of obtaining food products from aquatic product and maritime product resources, with regard to both quantity and quality, and especially to step up the supplying of aquatic products to the cities, industrial zones, and armed forces, while rapidly increasing the exporting of aquatic products with good quality and high value. The plan norms that have been set forth are total output of 90,000 tons more than 1987, an increase of more than 50,000 tons in state purchasing, and an increase in the value of exports by 30 million dong of foreign exchange.

5616

**VNA Cites Report on Initial Results in Savings**  
*BK271528 Hanoi VNA in English 1505 GMT 27 Jan 88*

[Text] Hanoi VNA Jan 27—Much has been saved in the past four months of practising thrift in Vietnam, according to reports made at a meeting held here yesterday by the Office of the Council of Ministers.

According to incomplete figures reported by 35 ministries and branches, and 24 provinces and cities at the gathering, the quantity of materials saved in the past four months was worth nearly 1.5 billion dong and the amount of materials in abeyance that has been put into production was valued at almost 1.4 billion dong. Circulation cost was reduced by more than 64 million. Economical use of materials saved almost 200 million dong. 5,658 office workers have been transferred to

production or business jobs. The rational use of cars at public offices has made it possible to transfer 322 cars to the tourist and transport services.

The gathering was unanimous that these initial results have brought about positive effects economically, politically, socially and psychologically, thus contributing to promoting the renovation efforts in management and production.

**Nam Dinh Textile Combine Surpasses 1987 Plan**  
*42090103b Hanoi NHAN DAN in Vietnamese 11 Jan 88 11 Jan 88 p 1*

[Text] In 1987 the Nam Dinh Textile Combine surpassed its over-all plan by producing 10,033 tons of yarn, 34.4 million meters of unfinished cloth, 48 million meters of finished cloth, and 300,000 towels. The norms were surpassed by between 6.6 and 20 percent.

The mill took the initiative in obtaining the various kinds of valuable and rare materials for production. In addition to rationally organizing labor on the production line, the mill implemented a system of big bonuses for workers with high productivity and product quality. The mill was able to reduce the number of idle spindles from 30 percent to 3 percent, increase the productivity per worker per loom by from one to three meters per shift, and increase the ratio of class-1 cloth by 5 percent. The mill also successfully produced more than 7 million jute binding strings, very important items in the textile sector, so that they would not have to be imported.

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**Greater Production in Mekong Delta Urged**  
*BK201450 Hanoi Domestic Service in Vietnamese 2300 GMT 17 Jan 88*

[NHAN DAN 18 January editorial: "Concentrate Resources on the Country's Largest Grain and Goods Producing Region"]

[Text] The Mekong River Delta is the country's largest key grain and goods producing region. This was asserted by the Sixth CPV Congress because of its striking advantages over other regions in terms of climate, land, water resources, manpower, cultivation techniques, and production and business concepts.

Over the past a little more than 10 years, agricultural production in the Mekong River Delta has scored great achievements. Compared with the preceding 10 years, rice output has increased more than 50 percent with the average rice output for the years 1981 and 1985 increasing by 8.6 percent per year. Despite the average population growth rate of 3.3 percent per year—a fairly high rate—the average per-capita grain output for the entire region has increased from 402 kg to 493 kg and its total rice output has been increased 2.2 fold, thus accounting for 46.3 percent of the country's total. In addition to rice,

legumes and long-term and short-term industrial crops have also shown some improvements. Improvements have also been noted in animal husbandry, especially in the raising of pigs and ducks. People in the Mekong River Delta can feel proud of their contributions to the country's common cause of agricultural development.

However, grain production carried out in recent years in the region has become recessionary as is the overall state of the country. This is a source of great concern. Paddy output remains around 7 million metric tons. Subsidiary food crop output has dropped. This has been partly blamed on natural calamities, including some occurring in the Mekong River Delta. But compared with other regions in the country, natural calamities in this region have not been as great. The reason for the recession in grain production in this region can only be attributed mainly to subjectiveness.

Rice crop allocation, though obtaining some good results at the beginning, has not developed quickly. Technical innovations, while making some contributions to increasing crop output, have yet to be widely and evenly applied. Material and technical bases and technical supplies have yet to meet requirements for increased production. Water conservancy has yet to meet requirements for irrigation, drainage, salinity prevention, and flashflood control. Existing tractors are too old to use while new tractors are in short supply. Spare parts and sub-assemblies are very rare. Fertilizer and insecticide meets merely 30-50 percent of the requirements. The management of various material and technical bases has displayed numerous shortcomings, thus limiting effectiveness. Post-harvest losses have been rather great, particularly for summer-fall rice, reducing crop output by 20-30 percent.

New production relations have been established in the organizational respect. But the organization of cooperatives and production collectives remains rigid and their management lacks flexibility, thus impeding efforts to develop the dynamism of the agricultural workforce, especially the middle-class peasants. Many establishments are still weak while state-run organizations are still small and unable to satisfactorily serve and spur the collectively- and family-run economies to develop. The scourges of corruption and inconvenience-creating are fairly prevalent.

Deficiencies in the supply of materials and in the policies toward agriculture are constituting an important obstacle to the development of the manufacture of goods in this key production region. Many policies have failed to provide incentives to rice growers and to ensure appropriate profits for producers. Rice growers earn low income as compared with the growers of other crops. This is an important reason for those who turn out the most important products for society to feel a lack of enthusiasm.

In order to achieve the objectives set for the remaining years of the 5-years 1986-90 plan, the country's largest key grain and goods producing region will have to shoulder a heavy responsibility with the implementation of various measures and policies toward agriculture, especially efforts to guarantee the meeting of various material and technical requirements for the service of production and to renovate the management mechanism and policies playing a decisive role. Problems in water conservancy, draft force, fertilizer, sprayer canteens, and insecticide—important material and technical factors for ensuring that the norms for output and yield are met—must be resolved. The amount of capital investment must be tallied with the quantities of products contributed by the entire region and there must be a guarantee of equality in investment.

### **Subsidiary Food Crops Acreage Increased Nationwide**

BK191545 Hanoi VNA in English 1515 GMT 19 Jan 88

[Text] Hanoi VNA January 19—In this Winter-Spring cultivation, the whole country has put 320,000 hectares under subsidiary crops, including 130,000 hectares of maize, an increase of 138 percent over the same period last year. Favourable weather conditions in this season have made it possible for the expansion of the acreage of vegetables and other subsidiary food crops in the high, mid and low lands and on the outlying districts of urban and industrial centers.

Together with the implementation of the state's policy on intensive farming, crop multiplication, and acreage expansion of subsidiary crops, many production establishments have contacted scientific research centers for help in the application of new techniques to the conservation and processing of these crops. As a result, they have been able to turn out many new products of high commercial and nutritious value. This has opened the way for combining traditional and advanced methods in the processing of subsidiary crops and for cooperation and division of work force in the processing of subsidiary crops on small and medium scales in each family or group of families. This has also helped to link the areas growing subsidiary crops with industrial establishments in order to create new products for improving the people's daily diet and for export.

### **BAC Thai Afforestation**

BK260345 Hanoi VNA in English 1542 GMT 25 Jan 88

[Excerpts] BAC THAI AFFORESTATION—Hanoi VNA January 25—To step up afforestation and check deforestation, by the end of last year Bac Thai Province had placed nearly 380,000 of its total 404,000 hectares of forest land in the care of state farms, cooperatives and families. Of this figure, 80,000 hectares have been regreened. The local families have also built their own forest gardens with assorted trees including fruit trees. This year, the province has worked out measures to afforest 2,100 hectares and grow 3 million trees in



scattered places. All tree-growers are entitled to enjoy all the products on their land, and their inheritance guaranteed. The state has provided funding, seeds and technical know-how to help the cooperatives and families to regreen allotted land and hills. It will buy their products at mutually acceptable prices with the aim of further expanding the afforestation movement. The province hopes to cover all its bare land and hills by 1990.

**National Forwarding, Warehousing Corporation**  
*BK261543 Hanoi VNA in English 1520 GMT 26 Jan 88*

[Text] Hanoi VNA Jan 26—The Vietnam national forwarding and warehousing corporation (VIETRANS) is pursuing an over growth pattern by engaging in across-the-board operations such as storage, goods maintenance and establishing shipping documents for cargo owners goods appropriation.

For this purpose, the corporation is operating a network of warehouses, an efficient land transport system of its own and a contingent of stevedores, thereby visibly increasing loading rates and saving vessels' lay-time. Like its counterparts in other socialist countries, VIETRANS acts as agent of Vietnamese national export-import corporations and companies in the handling of cargoes carried by sea, land and air, with the exception of complete equipment, fresh fruit and vegetables. Where its services are required by foreign clients, VIETRANS will undertake transport, storage and forwarding of diplomatic cargo, exhibits and transit goods. In fact, all foreign commercial sections and shipowners' representatives stationed in Vietnam maintain working relationships with VIETRANS concerning deliveries of Vietnamese exports to their final destinations.

At the recent 26th session of the conference of forwarding organizations of member countries of the Council for Mutual Economic Assistance, VIETRANS was admitted as a full member, a status that greatly facilitates ties of co-operation with these organizations, especially as regards experience-sharing, joint solution of problems of mutual interest and effective contribution by VIETRANS to the growth of goods transport and forwarding in socialist countries.

## SOCIAL

**Unemployment Solutions for 1988**  
*42090111a Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 6 Jan 88 p 2*

[Article by Dinh Chi: "The Year 1988: Capabilities and Expectations for Providing Jobs to Laborers"]

[Text] According to comprehensive data of the Labor Service, the city during 1987 found stable employment for 97,888 laborers, an increase of tens of thousands over 1986.

Three sources attracting labor and creating stable and long-term jobs for the laborer during the past year were: the individual and family production and family secondary industry area in accordance with Decision 34 with 32,256 people; the cooperative and production team area with 29,814 people; and the state area with 25,185 people.

Many state-operated industrial units under the management of the central government and city, actively investing in expansion of the production and acquisition of machinery, equipment, raw materials and supplies with state loans or independently acquired capital, have provided jobs for a number of laborers within the city, primarily in the export ready-made clothing and leather shoe contract processing sectors. Many precincts and districts also have used their foreign exchange capital to establish enterprises specializing in the contract processing of export ready-made clothing and leather shoe tongues. Therefore, although the recruitment norm for the state area was projected at the beginning of the year at only about 16,000 people, the number recruited by the end of the year rose to 25,185 laborers.

The liberation of production manpower and continued investment in production expansion have truly opened new capabilities for absorbing a large number of laborers in the city. According to an assertion by the Labor Service Director, a positive and active factor creating a foundation for our city to provide stable employment for the laborer is that foreign economic work, especially regarding the other socialist countries, has made significant progress. Exports and imports of raw materials for exploiting present capacity and equipment have increased with the simultaneous establishment of many medium and large-scale industrial production units. Especially, the cooperative contract manufacture of products for the Soviet Union has truly opened capabilities for us to develop the economy and attract many laborers. Labor recruitment has also been directly assigned to factory and enterprise directors, creating conditions for basic units to achieve autonomy in labor use.

Due to specific unit requirements, when accepting additional laborers, many industrial units only accept those who are skilled or have professional experience. Assisting to resolve this situation, the occupational training network during the past few years has been expanded: 17 or 18 precincts and districts have established occupational training centers; many factories and enterprises have organized occupational training schools and classes next to the production shop; and many sub-precincts have actively expanded occupational training in accordance with the requirements of each small industry and handicrafts sector. At the present time, the occupational training network generally speaking within the city is capable of training 25,000 people each year.

What are the capabilities for absorbing labor and providing stable jobs for laborers during 1988? Answering



our question, the Labor Service Director gave this analysis. "The central government is preparing to promulgate many new systems and policies aimed at actively affecting economic development in general, including primarily the production area. The three major programs of the state on grain and food, consumer goods, and export goods production will be promoted. The cooperative contract manufacture of export goods such as ready-made clothing, leather shoes, etc. with the Soviet Union and many other countries will continue to expand at a larger scale than during 1987. This will inevitably have a total effect on the production area and this area will be the primary source for absorbing labor during 1988."

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#### **War Invalid Behavior Criticized**

42090111a Ho Chi Minh City SAIGON GIAI PHONG  
in Vietnamese 6 Jan 88 p 2

[Readers' Letters' column by Duong The Quynh, Factory Z.755: "War Invalids Must Uphold Revolutionary Qualities, Ethics"]

[Text] I am a resistance-against-America war invalid who fought and was wounded on the battlefield.

Our party and people are eternally grateful to their comrade and compatriot heroes and war dead who courageously sacrificed themselves for the independence and freedom of the fatherland, including the war invalids who sacrificed a part of their bones and blood. The contribution of war invalids has been revered by our party, state and people and considered as a great contribution to the independence and freedom of the fatherland. However, since liberation, a number of war invalids had placed themselves outside the circle of the law, using their title as a war invalid for harassment. They are unwilling to buy a ticket when traveling by train or bus, or to pay the bill after shopping, and also threaten to throw a hand grenade or commit assault.

Especially recently, a number of war invalids have accosted bus passengers for money and when refused, threaten bodily harm. As a war invalid, I am extremely displeased with those war invalids who think they live outside the law.

Of special interest, a number who are not war invalids have pretended to be in order to harass the people and create a loss of order and security. I suggest that the state study and supplement the law for punishing the true or fraudulent war invalids using their title to harass the people. Bonafide war invalids must develop their revolutionary qualities to be loved by the people and to maintain their title of "Uncle Ho's troops."

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